

DAILY REPORT

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Vol I No 036

24 February 1986

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ADMISSION TO ASIAN DEVELOPMENT BANK APPROVED

OW221046 Beijing XINHUA in English 1031 GMT 22 Feb 86

[Text] Beijing, February 22 (XINHUA) -- The Asian Development Bank (ABD) decided on February 17 to admit the People's Republic of China to the organization, according to the People's Bank of China today (PBC).

PBC said that the ABD Board of Directors accepted in early January an application from PBC Governor Chen Muhua with a draft solution which was adopted by the ABD Board of Governors who voted by correspondence to give a green light. Under the ABD procedure, the People's Bank of China is undergoing the necessary formalities including purchase of the capital stocks before it becomes a full member of the Manila-based Asian financial body.

BIDS FOR WORLD BANK-FINANCED PROJECTS OPENED

OW211148 Beijing XINHUA in English 1056 GMT 21 Feb 86

[Text] Beijing, February 21 (XINHUA) -- Bids for the supply of construction materials and equipment for a liquefied gas plant, water conservation project and railway development financed by World Bank loans were opened in public recently. This was announced by the international tendering company of the China National Technical Import Corporation here today.

Twenty bids were received for electrification of the Zhengzhou-Wuhan section of the Beijing-Guangzhou railway line from firms in Australia, Austria, Belgium, the Federal Republic of Germany, France, Japan, Yugoslavia and Hong Kong. They were opened at the import building here today. The project is being financed by a World Bank loan of over 200 million U.S. dollars to purchase materials including rolled steel, sleepers and cement, as well as engineering and electrical equipment. Bids for the liquefied gas plant at Zhongyuan oilfield in Henan Province were opened Wednesday. They were from eight companies in the Federal Republic of Germany, Italy, Japan and the United States. The plant, a turn-key project, will mainly produce chemical raw materials.

Bids on the water conservancy project in Anhui Province were opened Thursday. They were received from 15 firms in Austria, China, Japan, Singapore, the United States and the Hong Kong region. This project is being financed by a World Bank loan and credits totalling 92 million U.S. dollars for purchasing cement, timber, rolled steel and other materials. An official of the tendering company said evaluation of the bids will start soon and contracts are expected to be awarded before the end of August.

WARSAW PACT MAKES NEW DISARMAMENT PROPOSAL

OW211140 Beijing XINHUA in English 1045 GMT 21 Feb 86

[Text] Vienna, February 21 (XINHUA) -- The Warsaw Pact Thursday surprised NATO delegates here by proposing a new draft treaty on disarmament in central Europe and asked the West to give it reasonable and serious consideration. The draft was made public at a press conference here Thursday by Andre Wieland, chief of the delegation of Poland to the current 38th round of central European troops reduction talks on behalf of the Warsaw Pact countries.

The draft is about the agreement on the initial reduction by the Soviet Union and the United States of ground forces and armaments and on the subsequent no-increase of forces and armaments of the sides and associated measures in central Europe. The proposal is believed to be a development and concretization of the proposal for a first partial agreement in Vienna agreed upon by both sides on February 14 last year and the proposal put forward by Soviet leader Mikhail Gorbachev on January 15 this year.

The Warsaw Pact draft includes:

- A first withdrawal of 11,500 Soviet and 6,500 American troops and military equipment from the central European theater and exchange of information about the troop reduction;
- All the 11 participants of the talks should not increase their ground and air forces and military equipment in the reduction area after Washington and Moscow reduce their troops;
- Both sides accepted verification of the withdrawals by permanent monitoring posts and the principle of on-site inspections of military facilities;
- A consultative commission shall be established and other forms of consultations be used to discuss operative questions involving the implementation of the agreement.

In response, Jan Hein van de Mortel, chief delegate from the Netherlands, said on behalf of the NATO countries that the draft was unrealistic and inadequate and would not lead to a change in the stand of the West toward the Warsaw Pact proposals of December 5 last year. However, the Dutch delegate said that he hoped this was not the last proposal of the Eastern bloc.

According to Friday's FINANCIAL TIMES published in London, NATO officials expressed surprise and disappointment at the initiative, which came only weeks after NATO tabled its own proposals on December 5. "The Western alliance has not had time to explain and clarify those proposals and that the Warsaw Pact draft appears to offer little that is new and much that falls short of Western demands on verification procedures to ensure compliance with an agreement," said the FINANCIAL TIMES. The paper quoted a Soviet official as saying here Thursday that NATO's response was "an effort to downgrade the importance and the substance of what is being suggested."

UK, U.S. TO COOPERATE ON HARRIER-TYPE AIRCRAFT

OW220534 Beijing XINHUA in English 0246 GMT 22 Feb 86

[Text] London, February 21 (XINHUA) -- Britain and the United States will jointly research a future generation of "advanced short take-off and vertical landing" (Astovl) military aircraft, the FINANCIAL TIMES reported today. A memorandum of understanding to this effect was recently signed between the two countries.

The accord is aimed at developing the technology for a future supersonic military aircraft able to combine all the benefits of advanced fighters (such as the forthcoming EFA -- European Fighter Aircraft) with the short take-off and vertical landing capabilities of the Harrier. However, at present there is no plan to develop a specific supersonic Astovl fighter. Several years of research will be needed to prove the feasibility of the new design.

The prospective aircraft, the paper said, is expected by the mid-to-late-1990s to replace the existing British-designed Harrier jump-jet aircraft. The governments of the two countries will finance the research program which has hitherto been funded by private companies.

AMBASSADOR HAN XU GIVEN ACHIEVEMENT AWARD

OW211130 Beijing XINHUA in English 1108 GMT 21 Feb 86

[Text] Washington, February 20 (XINHUA) -- Chinese Ambassador to the United States Han Xu was presented the U.S.-Asia Institute 1986 achievement award at the institute's closing session here this afternoon. Ambassadors from some other Asian countries were similarly honoured at today's session. It is the first time that the achievement award was given to ambassadors.

During the two-day session which began yesterday, representatives from the United States and Asian countries focused their discussion on trade, technology and security. Chinese representative Wu Junyang, adviser to the Research Center for Economic, Technical and Social Development of the State Council, briefed the representatives on China's Seventh 5-Year Plan (1986-1990). He described China's open policy and economic reform.

Dr. S.C. Pu, adviser to the Chinese Academy of Social Sciences, put forth some thoughts on trade between the U.S. and the Asian developing countries. He said U.S.-Japan trade is extremely important, but U.S. trade with the Asian developing countries is equally important. He urged the United States not to adopt protectionism. "As protectionism acts as a constraint on the potential growth of the Asian countries, U.S. exports to these countries will eventually suffer. These feedback effects are the natural consequence of interdependence," he said. He warned that while the economic gains to the United States brought about by protectionism are extremely doubtful, the political price paid in terms of its relations with the Asian countries is certainly going to be high.

The achievement award is given to distinguished people who have contributed to the understanding and strengthening of friendly ties between the United States and Asia. It has been presented every year since the U.S.-Asia Institute was founded in 1979.

HOUSE COMMITTEE URGES HALT TO PHILIPPINES AID

OW211154 Beijing XINHUA in English 0845 GMT 21 Feb 86

[Text] Washington, February 20 (XINHUA) -- A U.S. House foreign affairs subcommittee today approved unanimously legislation calling for a halt to direct U.S. military and economic aid to the Philippine Government headed by President Ferdinand Marcos. The legislation, passed by the House Subcommittee on Asian and Pacific Affairs, requires that future humanitarian, economic and development assistance funds for the Philippines be distributed through the Roman Catholic Church and other private groups. Military assistance for the Pacific country would be placed in an escrow until the establishment of "a legitimate government... which commands the support of the people of the Philippines," the bill says.

The bill was passed by 9-0 vote over the objections of the Congress Republican leadership and the Reagan administration who wanted the subcommittee to wait until special envoy Philip Habib returns from Manila to report on his investigation. Before the voting, Senate Republican leader Robert Dole warned Congress against rushing to cut off aid to the Philippines as a means of forcing President Marcos out of office. White House Deputy Press Secretary Edward Djerejian told reporters that the administration position is not to take immediate action on the question of U.S. aid to the Philippines because "this aid goes to the very well-being and security of the Filipino people themselves."

After the subcommittee vote, representative Stephen Solarz told reporters that it is important to act quickly to send a signal to the Philippines that ("we) will not countenance a stolen election." The bill (?will) be taken up by the full House Foreign Affairs Committee after Habib returns.

U.S. EXPRESSES CONCERN ABOUT PHILIPPINE SITUATION

OW230300 Beijing XINHUA in English 0213 GMT 23 Feb 86

["U.S. Administration Endorses Charges of Election Fraud Against Philippine President"
-- XINHUA headline]

[Text] Washington, February 22 (XINHUA) -- The U.S. Government today expressed its support for the statements by two top Philippine military officials that blamed President Ferdinand Marcos for fraud in February election and called on Marcos to resign.

In a written statement approved by President Ronald Reagan, the White House said that Philippine Defense Minister Juan Ponce Enrile and Deputy Armed Forces Chief Fidel Ramos called on Marcos to step down "because his government no longer has a popular mandate." "These statements strongly reinforce our concerns that the recent presidential elections were marred by fraud, perpetrated overwhelmingly by the ruling party, so extreme as to undermine the credibility and the legitimacy of the election and impair the capacity of the Government of the Philippines to cope with a growing insurgency and troubled economy," the White House noted. "Many authoritative voices in the Philippines have been raised in support of non-violence," the White House statement said. "We support these voices and expect them to be respected. We also support the resolution of issues involved by all the people of the Philippines as quickly as possible."

White House Deputy Press Secretary Edward Djerejian told reporters that Reagan, who is spending the weekend at Camp David, approved the statement after a conference call with his National Security Advisor John Poindexter, Secretary of State George Shultz, Defense Secretary Caspar Weinberger and White House Chief of Staff Donald Regan.

Marcos Warned Against Force

OW240306 Beijing XINHUA in English 0250 GMT 24 Feb 86

[Text] Washington, February 23 (XINHUA) -- U.S. President Ronald Reagan today warned Philippine President Ferdinand Marcos not to attack the rebelling forces of two top military officials, saying such a move would lead to a halt to U.S. military aid for the Philippines. Philippine Defense Minister Juan Ponce Enrile and acting Armed Forces chief of staff broke with President Marcos Saturday and demanded Marcos resign and give up power to opposition leader Corazon Aquino.

White House Spokesman Larry Speakes said President Reagan warned that the United States "cannot continue our existing military assistance if the government uses that aid against other elements of the Philippine military that enjoy popular backing." "An attempt to resolve this situation by force will surely result in bloodshed and casualties, further polarize Philippine society and cause untold damage to the relationship between our governments," the spokesman added.

Speakes told reporters that Reagan was concerned about Marcos using forces against Philippine citizens and he decided that if Marcos did not call back his military forces, U.S. military aid would be cut off "immediately." Speakes made the announcement to the press after Reagan met with Vice President George Bush, Defense Secretary Casper Weinberger, CIA Director William Casey, White House Chief of Staff Donald Regan, National Security Advisor John Poindexter and Special Envoy Philip Habib, who just returned from the Philippines.

REAGAN RESPONDS TO GORBACHEV ARMS PROPOSAL

OW231913 Beijing XINHUA in English 1832 GMT 23 Feb 86

[Text] Washington, February 23 (XINHUA) -- U.S. President Ronald Reagan sent a letter Saturday to Soviet leader Mikhail Gorbachev, proposing the elimination of U.S. and Soviet medium-range missiles in Europe and Asia over the next three years, administration officials said. The letter has not been made available by the White House now. This is the formal response from the United States to the arms control proposal made by Gorbachev on January 15 which called for the elimination of all nuclear weapons by the year 2000.

Reagan in his letter has reportedly rejected the Soviet proposal to freeze British and French medium-range nuclear forces at the existing levels. U.S. officials said Reagan in his letter called Gorbachev's proposal "a good idea", but added that "the fact is, let's get down to brass tacks -- to move from here to there let's start with I.N.F. (intermediate-range nuclear forces)." I.N.F. seemed to be Reagan's focus in his letter. He proposed the elimination of all intermediate-range nuclear forces, or those weapons with a range of about 3,400 miles, in three years' time.

U.S. officials disclosed that Reagan might have offered several options to the Soviet Union to eliminate the intermediate-range forces, which include Soviet SS-20 missiles and U.S. Pershing 2 ballistic missiles and ground-launched cruise missiles. A key option might be to eliminate all U.S. and Soviet medium-range missiles from Europe, limit the Soviet Asian deployment of SS-20 medium-range missiles to Soviet Central Europe [as received] and allow the U.S. to keep an equal number of missiles in the U.S. Under this proposal, medium-range missiles would be reduced to 140 in Europe after one year, with proportional reductions in Asia. The weapons would then be halved in Europe after that, and then drop to zero. The other option would be "straight reductions down" on medium-range forces to zero in three years "on a global basis."

According to U.S. officials, Reagan has sent a "very comprehensive letter" to Gorbachev which included a recommitment by the U.S. to abolish chemical weapons. He also told the Soviet leader that the U.S. is awaiting a detailed response to a U.S. proposal at the strategic arms reduction talks in Geneva last November. Reagan reportedly said in his letter that the U.S. is eager to fulfill its obligation to reduce by 50 percent all Soviet and U.S. strategic forces that can strike the other country. The North Atlantic Treaty Organization says the Soviet Union has 441 SS-20 missiles, including 130 in Europe and 171 in Asia. U.S. totals include 108 Pershing 2 missiles and cruise missiles expected to reach 464. Not all of the cruise missiles have been deployed.

The United States has been on the defensive on arms control since Soviet leader Gorbachev offered his proposal on January 15. The U.S. was first surprised by the proposal, then it studied carefully and called the proposal "positive" and began to consult with its allies for a response. The U.S. proposal contained in Reagan's letter seemed to have considered the concerns of European countries and Japan. Gorbachev's proposal did not cover missiles that are based in the Asian part of the Soviet Union. But Reagan's proposal sought either the elimination or the sharp reduction of these missiles. It seems that Reagan in his letter did not touch the U.S. "star wars" program which the U.S. pledged it will not abandon. The Soviet Union did not raise the issue as a precondition for arms control this time.

SOVIET ENVOYS GIVE ARMY DAY RECEPTION 21 FEB

OW211242 Beijing XINHUA in English 1237 GMT 21 Feb 86

[Text] Beijing, February 21 (XINHUA) -- Soviet Ambassador to China I.S. Shcherbakov and Military, Naval and Air Attache of the Soviet Embassy Rear Admiral V.P. Kasatkin, gave a reception here this afternoon to mark the 68th anniversary of the founding of the Soviet Army. Among the guests were Xu Xin, deputy chief of the General Staff of the People's Liberation Army, and diplomatic envoys and military attaches of various countries here.

Wreaths Placed at Soviet Tombs

OW231625 Beijing XINHUA in English 1551 GMT 23 Feb 86

[Text] Beijing, February 23 (XINHUA) -- Soldiers of the Soviet Red Army who laid down their lives in China were honored in various parts of China today on the occasion of the 68th anniversary of the founding of the Soviet Red Army. Wreaths were placed at their tombs or monuments to their memory by concerned local governments and branches of the Sino-Soviet Friendship Association. The wreaths bore the inscription: "Eternal glory to the fallen heroes of the Soviet Red Army who gave their lives in the war against fascism!" These tombs and monuments are located in various cities and counties in Heilbingjiang, Liaoning, Jilin, Hebei, Hubei, Sichuan and Jiangsu Provinces and the Inner Mongolia Autonomous Region.

SPOKESMAN ON WARSAW PACT MBFR PROPOSALS

OW202045 Beijing XINHUA in English 2004 GMT 20 Feb 86

[Text] Moscow, February 20 (XINHUA) -- A Soviet Government spokesman said today that proposals by socialist countries at the Vienna disarmament conference have narrowed East-West disarmament differences and make it possible for the two sides to reach major arms control agreements.

Speaking at a press conference in Moscow, Foreign Ministry Press Department Chief Vladimir Lomeyko said the proposals, which were tabled today at the conference, include cuts of 11,500 troops by the Soviet Union and 6,500 by the United States, establishment of three or four permanent posts to supervise the cuts, exchange of data on each side's Armed Forces and the setting up of a permanent consultative committee. Lomeyko said Warsaw Pact countries have now agree to the Western countries proposal on verification of arms reduction. He said the Eastern block proposals, particularly on verification, have brought the disarmament positions of both East and West much closer.

TV COMMENTATOR REMARKS ON U.S. ARMS PROPOSAL

OW240254 Beijing XINHUA in English 0237 GMT 24 Feb 86

[Text] Moscow, February 23 (XINHUA) -- A Soviet TV commentator said today U.S. President Ronald Reagan's reported response to the latest Soviet disarmament proposals contained "practically nothing constructive." Soviet television political news analyst Boris Kalyagin, appearing on the program "International Panorama," stressed that it "attests to a lack of seriousness on the part of the Washington administration" if "the White House is going to give a response on the eve or even on the day of the opening of the 27th CPSU Congress so that the Soviet side will not have time to react to the American position in the political report to the congress."

This is the first Soviet comment on Washington's counter-proposals put forward by Reagan on February 4 for discussion with U.S.allies.

Kalyagin said that the United States, while in principle agreeing to a 50 percent nuclear weapons cut, did not want to give up the Strategic Defense Initiative "which undermines the very idea of a nuclear arms reduction." He said the proposals appeared to be little more than a return to Reagan's "zero option" for removing missiles from Europe. Kalyagin stressed that more than five weeks had passed without a U.S. official response since the Soviet proposals for the elimination of nuclear weapons by the year 2000.

Western news agencies today reported that Reagan, in a letter to Soviet leader Mikhail Gorbachev on Saturday, is calling for elimination of medium-range missiles in Europe as the first step toward an end to the nuclear arms race worldwide. Kalyagin's comment today made no mention of Reagan's letter.

SOVIET MARSHALS ATTACK SDI IN PRESS ARTICLES

OW230346 Beijing XINHUA in English 0251 GMT 23 Feb 86

[Text] Moscow, February 22 (XINHUA) -- The Soviet Union will respond to U.S. efforts to develop its Strategic Defense Initiative, Soviet Marshal Viktor Kulikov stated today. In an article published today in the government newspaper IZVESTIYA on the eve of the 68th anniversary of the Soviet Army and Navy First Deputy Defence Minister Kulikov said the job of the Soviet Armed Forces is "to give a quick and crushing blow to aggressors" in any type of attack on the Soviet Union.

Kulikov, who is also commander in chief of the Joint Armed Forces of the Warsaw Treaty countries, accused the United States of "seeking military superiority over the Soviet Union by developing a space-based and comprehensive anti-missile defense system." He declared that the Soviet Union will do its best to find a way to answer the Strategic Defense Initiative if the United States goes ahead with the program. Soviet defense minister Marshal Sergey Sokolov also published an article today in the Soviet Communist Party newspaper PRAVDA, stressing that "the Soviet Armed Forces are a reliable stronghold of freedom and independence of their socialist homeland."

TASS CRITICIZES FRENCH INTERFERENCE IN CHAD

OW230801 Beijing XINHUA in English 0631 GMT 23 Feb 86

[Text] Moscow, February 22 (XINHUA) -- The Soviet official news agency TASS today accused France of armed interference in Chad, saying that the move conformed to interests of the United States.

A TASS commentary said France, by sending troops to Chad, is attempting "to play the role of a gendarme who defends the interests of imperialism" in central Africa. The commentary charged that France has aggravated the tense situation in Chad, to the south of Libya, while the United States continued its military provocation at sea north of Libya. France's claim that it is trying to prevent Libya from occupying Chad by sending troops to the central African country is "an argument for revival of neocolonialism, TASS said.

France flew 500 soldiers and six jet fighters to Chad last Tuesday to help the government Army against an offensive by rebels, who are allegedly backed by Libya.

Chad was a French colony before it achieved independence in August, 1960.

DPRK URGES IMMEDIATE STOP TO 'TEAM SPIRIT-86'

OW211236 Beijing XINHUA in English 1228 GMT 21 Feb 86

[Text] Pyongyang, February 21 (XINHUA) - The Democratic People's Republic of Korea (DPRK) called on the United States and South Korea to stop immediately the ongoing "Team Spirit-86" military exercise to ease the mounting tension on the Korean peninsula. According to the local press, Kang Hui-won, a high-ranking Korean party and government official, said in a public speech that the U.S.-South Korean joint military exercise has aggravated the tension on the Korean peninsula and has suspended the dialogue between the two sides.

Speaking to a mass rally yesterday, Kang called on the Korean people and Army to respond to the recent order of the supreme commander of the Korean People's Army. The order of February 10 put the DPRK military forces on the alert in face of U.S.-South Korean war provocations. Kang also denounced the South Korean authorities for suppressing students and democrats. He appealed to the international community to pay close attention to the situation in Korea and to support the Korean people in their just struggle for the country's peaceful reunification and their efforts to turn the Korean peninsula into a zone free of nuclear weapons.

DPRK DENIES HINDERING SEOUL OLYMPIC GAMES

OW210930 Beijing XINHUA in English 0854 GMT 21 Feb 86

[Text] Pyongyang, February 21 (XINHUA) -- The Democratic People's Republic of Korea (DPRK) today dismissed the South Korean charge that the North has taken steps "to hinder the Olympic Games" as a "mere fabrication." MINJU CHOSON, an official daily newspaper, noted in a commentary that the South Korean charge came at the same time as the "10 million-strong signature movement" for constitutional amendment launched by South Korean opposition parties, organizations and students. South Korean "President" Chon Tu-hwan said on February 19 that South Korea should strengthen its "defense system" to cope with the northern threat to the Olympics.

Seoul is attempting to slander the international reputation and influence of the DPRK and ease domestic unrest by accusing the Northern side of jeopardizing the 1988 Olympic Games, the paper said. Pyongyang and Seoul have been discussing since last October in Lausanne, Switzerland, the possibility of co-sponsoring the 1988 Olympiad under the auspices of the International Olympic Committee (IOC), and the two rounds of talks held so far have resulted in some progress. Their next round of talks is scheduled for June.

S. KOREAN AUTHORITIES CRACK DOWN ON OPPOSITION

OW211922 Beijing XINHUA in English 1858 GMT 21 Feb 86

["Round-up: Signature Campaign Oppressed in Seoul -- (by Gao Haorong)" -- XINHUA headline]

[Text] Pyongyang, February 21 (XINHUA) -- The antagonism between the South Korean authorities and the opposition parties and young students heightened in Seoul as authorities intensified their crack down on an opposition "signature campaign" calling for revisions of the existing Constitution. The campaign, which started on February 12 in Seoul, was initiated by the New Korea Democratic Party (NKDP), the Council for Promotion of Democracy and other opposition parties to collect ten million signatures to press for changes in the present Constitution. However, the campaign met with strong persecution by the Seoul regime.

Two days after the campaign started, South Korean Minister of Justice Kim Song-ki accused the campaign of being camouflaged violence against the rule of law and parliamentary democracy and declared that those who participate in it would be severely punished. The prosecutor general's office instructed its local offices on February 11 to punish even ordinary citizens who signed on to the campaign. The Minister of Education Son Chae-suk also denounced the campaign and warned of strict disciplinary actions against students who signed it or joined the protest rallies and demonstrations. Between February 12 to February 20, opposition leader Kim Tae-chung was put under house arrest and threatened with imprisonment if he continued his anti-government activities. Another opposition leader, Kim Yong-sam, was placed under house-arrest three times during the same period and the headquarters of the NKDP were raided twice and documents and publicity materials confiscated. Even now, the headquarters are under heavy guard by more than 300 policemen and people are prohibited from entering it.

Meanwhile, on February 15 scores of anti-government protesters clashed with plainclothes policemen. On Thursday more than 200 NKDP party members, including the party's president Yi Min-u, were put under house arrest, preventing them from attending the plenary session of the party's Central Committee. In another development, police arrested and detained about 120 people who signed or got involved in the campaign. During the night of February 14, 15,000 policemen raided 129 universities and colleges, taking away bundles of printed materials and flags and arresting about 200 young students.

However the violent oppression has backfired and met with even stronger resistance from the opposition parties and young students. The NKDP has stressed that the signature campaign is a peaceful movement and that it reflects people's demand for democracy. After the first raid on its headquarters, the party declared it would continue the struggle, however cruel the oppression and even if all its 600,000 party members were all thrown into prison. While under house arrest, NKDP president Li Min-u strongly criticised the authorities' crackdown and demanded the Seoul regime give up its idea of delaying the discussion on Constitution revision until 1989. Kim Yong-sam has said frequently even before the campaign was launched that he is ready to be put behind bars. He has pledged to pursue the campaign to the end even if he were threatened with imprisonment or death.

JAPAN'S NAKASONE PLANNING TO VISIT U.S. IN MARCH

OW181849 Beijing XINHUA in English 1830 GMT 18 Feb 86

[Text] Tokyo, February 18 (XINHUA) -- Japanese Prime Minister Yasuhiro Nakasone is planning to visit the United States on March 21 for talks with American President Ronald Reagan. Shin Kanemaru, secretary-general of the ruling Liberal Democratic Party, who disclosed the plan during a lecture here today, said that the two sides are discussing the visit itinerary through diplomatic channels.

Observers believe that Nakasone will discuss preparations for the May Tokyo summit of seven industrialized countries, Japan's participation in the U.S. proposed "star wars" program, reform of the international monetary system and bilateral trade frictions. Nakasone has said that Japan will decide about its participation in the star wars program only after studying whether it is nuclear in nature. He told a Diet committee today that "the most important point in considering Japan's participation (in the star wars program) is whether it is a nonnuclear system for defence purposes. On the monetary reform, Nakasone said Saturday that Japan now has particular interest in monetary reform following a sharp appreciation of the Japanese yen against the U.S. dollar.

FURTHER REPORTAGE ON SITUATION IN PHILIPPINES

Marcos: 'No Foreign Intervention'

OW230806 Beijing XINHUA in English 0756 GMT 23 Feb 86

[Text] Manila, February 23 (XINHUA) -- President Ferdinand Marcos today expressed the hope that there will be no foreign intervention in the internal affairs of this country. He made this remark at a press conference held at noon today in the presidential palace.

Marcos said that the split of Minister Juan Ponce Enrile and Lt. General Fidel V. Ramos from his government is an internal matter which could be settled by the Filipinos themselves. He said he did not believe that Enrile and Ramos were encouraged by any foreign country. He said he was sad about the coup d'etat. However, he had ordered that no hostilities should be started. He would exert all his efforts to avoid bloodshed. He denied the allegation by Ramos and Enrile that he had issued any impending order to arrest them. He also denied that the military are divided into different factions.

Aquino Welcomes Enrile, Ramos

OW231620 Beijing XINHUA in English 1553 GMT 23 Feb 86

[Text] Manila, February 23 (XINHUA) -- Opposition leaders today expressed their support for former Defense Minister Juan Enrile and General Fidel Ramos who split with President Marcos yesterday. Corazon Aquino, in a statement issued after her arrival in Manila from Cebu, asked Marcos to step down so that the Philippines can have a peaceful transition of power. She appealed to the Filipino people to support the non-violent protest she launched a week ago.

In a statement, Salvador Laurel, president of the biggest opposition party the United Nationalist Democratic Organization, welcomed the militarymen led by Enrile and Ramos who joined the people in their struggle to regain lost liberties. He reiterated his appeal to government officials, military and civilian alike, to cut once for all their ties with the leadership of Marcos, and "be one with the Filipino people whom they have sworn to serve."

State of Emergency Declared

OW240648 Beijing XINHUA in English 0634 GMT 24 Feb 86

[Text] Manila, February 24 (XINHUA) -- President Ferdinand Marcos this morning declared a state of emergency in the country. Speaking at a press conference, the president said he is in full control of the situation. He denied the rumors that he and his family had fled the country. He said he would go through the inauguration ceremonies tomorrow as scheduled.

Marcos said he had ordered all radio stations to stop broadcasting military operations and statements made by rebel former Defense Minister Juan Ponce Enrile and Vice Chief of Staff Fidel Ramos. Otherwise the stations might be taken over by the government. He said he had ordered not to use big arms such as tanks and artillery to attack the rebels.

But the television broadcast stopped abruptly. It is reported that the state television station has been taken over by rebel troops and government troops are expected to stage a counter attack.

'Rebels' Take Over Radio, TV

OW240738 Beijing XINHUA in English 0729 GMT 24 Feb 86

[Text] Manila, February 24 (XINHUA) -- Supporters of the rebels have taken over the government radio and television stations as well as the official PHILIPPINE NEWS AGENCY, according to television station channel four. Television channel four announced the take-over at 01:20 p.m. when it resumed broadcasting after a short interruption. The station is now owned by the "new government" of Corazon Aquino, the announcer said. The announcer warned the Marcos Government not to make attempts to retake the stations.

As of this writing, the PHILIPPINE NEWS AGENCY has not yet resumed transmission since its wires were interrupted this morning. But an official of the agency confirmed on telephone that it had also been occupied by supporters of former Defense Minister Juan Ponce Enrile and Deputy Chief of Staff Fidel Ramos, who have split with President Marcos.

A XINHUA correspondent reported from Camp Crame, the headquarters of the Philippine Constabulary, that the camp is still in the hands of the rebels. Government troops had only occupied the neighboring Camp Aguinaldo, the site of the Defense Ministry, which the rebels vacated yesterday of their own accord. But the situation there is tense. Military confrontations may break out at any time. Thousands of people have been gathering inside and outside to prevent the government troops from attacking the rebels.

'New Government' Announced

OW241340 Beijing XINHUA in English 1333 GMT 24 Feb 86

[Text] Manila, February 24 (XINHUA) -- An opposition leader announced through television this afternoon that a provisional government with Corazon Aquino as president and Salvador Laurel as vice president has been set up. Parliament member Ramon V. Mitra said Mrs Aquino herself will make the official announcement about the new government this evening.

Meanwhile, it was reported that in response to the situation, President Marcos urged all his loyalists to bring their guns to defend the presidential palace "to the last drop of their blood." "I'm calling on all our loyalist friends to come to Malacanang with their authorized guns in order that we too can show people's power," he told a TV interviewer by telephone.

SINGAPORE PRIME MINISTER RECEIVES GU MU 21 FEB

OW211913 Beijing XINHUA in English 1855 GMT 21 Feb 86

[Text] Hong Kong, February 21 (XINHUA) -- Singapore Prime Minister Lee Kuan Yew met with Chinese State Councilor Gu Mu and his party tonight at the presidential house. During the meeting, Gu Mu conveyed the compliments to Lee Kuan Yew from Chinese leaders Li Xiannian, Deng Xiaoping and Zhao Ziyang. Prime Minister Lee also asked Gu Mu to forward his compliments to the Chinese leaders after returning home. Singapore Senior Minister of Prime Minister's Office, S. Rajaratnam and Second Deputy Prime Minister Ong Teng Cheong as well as China's Commercial Representative in Singapore Rong Fengxiang were present on the occasion.

During their stay in Singapore, Gu Mu and his party exchanged views with their counterparts on Sino-Singapore economic and technical cooperation and other issues. They also visited the industrial area, the scientific center and the airport in Jurong. Gu Mu and his party arrived in Singapore on February 14 for a visit to the country.

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Gu Mu Returns Home

OW221325 Beijing XINHUA in English 1248 GMT 22 Feb 86

[Text] Beijing, February 22 (XINHUA) -- Chinese State Councillor Gu Mu and his party returned here this afternoon after paying a working visit to Singapore.

VIETNAM'S HOANG VAN HOAN HONORED IN BEIJING

OW230722 Beijing XINHUA in English 0716 GMT 23 Feb 86

[Text] Beijing, February 23 (XINHUA) -- Veteran Vietnamese revolutionary Hoang Van Hoan was honored at a luncheon given by Xi Zhongxun and Qiao Shi, members of the Political Bureau of the Chinese Communist Party Central Committee, here today. Xi said he was very glad to have a get-together with Hoang on the occasion of the Chinese traditional lantern festival and wished him good health.

Present on the occasion were Li Yimang, Standing Committee member of the CPC Central Advisory Commission, Qian Liren, director of PEOPLE'S DAILY, and Zhu Liang, head of the International Liaison Department of the CPC Central Committee.

DK REFUTES SRV ALLEGATION ON 'CHINA'S INFLUENCE'

OW240746 Beijing XINHUA in English 0725 GMT 24 Feb 86

[Text] Beijing, February 24 (XINHUA) -- Kampuchea will be an independent, unified, neutral and non-aligned country after the withdrawal of Vietnamese troops, Radio Democratic Kampuchea said today. The radio quoted a statement issued by the Foreign Ministry of the Coalition Government of Democratic Kampuchea (CGDK) last Saturday to refute Hanoi's allegation that if Vietnam withdrew its troops from Kampuchea, the country would be under China's influence.

In this regard, the statement said, the coalition government will be glad to have international observers stay in Kampuchea for a couple of years or longer after the Vietnamese troops withdrawal to ensure that Kampuchea will not be accused of becoming a military base of a foreign country, that Vietnam will have no chance to invade Kampuchea again and that Kampuchea and the whole of Southeast Asia will enjoy peace and stability.

XINHUA HONG KONG DIRECTOR ON CITY'S DEVELOPMENT

OW171714 Beijing XINHUA in English 1636 GMT 17 Feb 86

[Text] Hong Kong, February 17 (XINHUA) -- Xu Jiatur, director of the Hong Kong branch of XINHUA NEWS AGENCY, today wished the Chinese compatriots here fresh achievements in the new year by further bringing out their latent potentialities and making endeavors in unity.

In his toast at a party to usher in the Chinese new Year of Tiger, Xu Jiatur said that during the past year -- the first one since the signing of the Sino-British Joint Declaration on the question of Hong Kong, relations between the Chinese and British Governments have become closer and progress has been witnessed in the work of Sino-British Joint Liaison Group, the Land Commission, the drafting committee of the basic law of the projected Hong Kong Special Administrative Region and the consultative committee for the basic law. Xu appreciated the great efforts made by the compatriots of various strata in Hong Kong in implementing the Sino-British Joint Declaration and maintaining stability and prosperity in Hong Kong, adding that the development in Hong Kong is encouraging. More than 700 noted personages from various circles in Hong Kong were present at the party.

REPORTAGE ON VISIT OF MAURITANIA'S TAYA

Li Xiannian Hosts Banquet

OW211510 Beijing XINHUA in English 1433 GMT 21 Feb 86

[Text] Beijing, February 21 (XINHUA) -- Chinese President Li Xiannian and the visiting Mauritanian head of state, Maayouia Ould Sid Ahmed Taya today agreed to advance Sino-Mauritanian cooperation to a new height. Li said that China attached great importance to the development of the friendly cooperation between the two countries and was confident that this cooperation would grow further thanks to the efforts by both sides. Taya replied that Mauritanian-Chinese cooperation had set an example for the Third World countries. Mauritania would spare no effort in safeguarding the achievements of this cooperation and would take every possible measure to develop and diversify it.

The two leaders were speaking at a banquet here this evening given by the Chinese president in honor of Taya, who is also chairman of the Military Committee of National Salvation of Mauritania, Mme Taya and their party in the Great Hall of the People.

Li Xiannian, who was the first to take the floor, stressed that the friendly relations of cooperation were based on mutual trust, mutual support and treating each other on an equal footing. Such relations, he noted, were developing smoothly. The Chinese president spoke highly of the efforts made by the Mauritanian people in safeguarding their state sovereignty and developing their national economy and culture. He also praised the Mauritanian Government for pursuing a policy of peace, neutrality and non-alignment in international affairs. The important task facing Third World countries after winning national independence, Li said, was to develop their economies and build up themselves so as to improve the living standards of the people and rid underdevelopment at an earlier date. He emphasized that China belonged to the Third World and was willing to further its friendly cooperation with other Third World countries.

Taya said that the international situation had become more and more worrisome, especially for the Third World countries. Although the developing countries strongly demanded a just and more rational new world economic order, he said, no big stride had been taken in this direction. The developing countries were baring the front of the consequences of the world economic crisis. Some of them were also hit by natural disasters, he added. He expressed the belief that the developing countries, with their great economic potentials and human resources, could benefit from strengthening all-round cooperation in developing their economies. "That is why we firmly support every initiative and effort that might promote South-South cooperation," he added.

Speaking of tensions in Africa, Mideast and Asia, Taya said that only by following the five principles of peaceful co-existence could international peace and security be ensured. He spoke highly of China's domestic and foreign policies and its economic achievements, and thanked China for its aid to his country.

Among those present at the banquet were Lin Jiamei, wife of the Chinese president; Zhu Xuefan, vice-chairman of the National People's Congress Standing Committee; and Wu Xueqian, state councillor and foreign minister. This morning, Mme Taya visited the China Children Center.

Hu Yaobang Meets Taya

OW221316 Beijing XINHUA in English 1242 GMT 22 Feb 86

[Text] Beijing, February 22 (XINHUA) -- Chinese Communist Party General Secretary Hu Yaobang said here today that the Third World countries, as an important force for world peace and economic development, should contribute more to human progress. "Key to making such contributions lies in unity and mutual support of the Third World countries," he added.

Hu made these remarks at a meeting here this afternoon with Colonel Maayouia Ould Sid Ahmed Taya, chairman of the Military Committee of National Salvation and head of state of Mauritania. Hu also expressed the belief that Sino-Mauritanian friendship as well as the unity and cooperation among the Third World countries would continue for a long time to come. He noted that China and Mauritania, as friendly countries, cared for and supported each other. The two countries had fostered a profound friendship since they established diplomatic relations 21 years ago. "We support each other's cause and share basically identical views on many international issues," he said.

Responding, Ould Taya expressed satisfaction with the cooperation between the two countries in various fields. He said that he had a full exchange of views with Chinese leaders on issues of mutual concern during his stay here. Ould Taya also thanked China for its aid to Mauritania's economic construction and briefed Hu on his country's fight against drought and development of production.

Hu said that it was of great importance to boost production and improve the life of the people. Therefore, it was entirely correct for Mauritania to give first priority to improving the living conditions of its people. He wished for steady improvement of the Mauritanian economy. Chinese State Councillor and Foreign Minister Wu Xueqian, minister of Public Health Cui Yueli, and senior members of Ould Taya's entourage were present at the meeting.

Taya Hosts Return Banquet

OW221514 Beijing XINHUA in English 1455 GMT 22 Feb 86

[Text] Beijing, February 22 (XINHUA) -- Mauritanian head of state, Maayouia Ould Sid Ahmed Taya, said here today that his visit to China has marked a new stage in the continued development of friendship relations and cooperation between Mauritania and China, and their peoples. Taya also described the friendship and cooperation between the two countries and peoples as "a good example." Taya, also chairman of the Military Committee of National Salvation, was speaking at a return banquet given by him and his wife here this evening at the Great Hall of the People. Chinese President Li Xiannian, his wife, and other Chinese officials attended the banquet.

Taya said that during his stay in Beijing he had held frank, fruitful and amicable talks with Chinese leaders on international issues and bilateral economic and technical cooperation. The Mauritanian people attach great importance to friendship and cooperation with China, Taya said. He added that his country would work hard to promote unity between the peoples of Third World countries, including China, so as to contribute to safeguarding world peace and establishing a more just and reasonable new international economic order.

In his speech, Li described Taya's visit to China as a "success". The visit would also promote the friendship and cooperation between the two countries and their peoples, he noted.

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Li added that President Taya, his wife, and other distinguished Mauritanian guests will leave Beijing for a visit to southern China tomorrow, and he was sure they would be warmly welcomed by the local governments and people wherever they went. Li Xiannian also accepted an invitation from Taya to pay an official goodwill visit to Mauritania. Earlier today, the Mauritanian guests visited an armored division, the Great Wall, and the Palace Museum. They also laid a wreath at the monument to people's heroes in Tiananmen Square.

Leaves for Nanjing

OW230710 Beijing XINHUA in English 0652 GMT 23 Feb 86

[Text] Beijing, February 23 (XINHUA) -- Colonel Maayouia Ould Sid Ahmed Taya, head of state of Mauritania, Mme. Taya and their party left here for Nanjing by special plane this morning in the company of Minister of Public Health Cui Yueli. Before their departure President Li Xiannian and his wife Lin Jiamei bid farewell to Taya who is also chairman of the Military Committee of National Salvation and other Mauritanian guests at the State Guesthouse. Li said Taya's visit has played an important role in promoting Sino-Mauritanian friendship. Taya said that during the visit he had very good talks with Chinese leaders on issues of common interest and international issues. The two sides had reached identical views on all issues they had touched on, he added.

Earlier this morning two documents between the Chinese and Mauritanian Governments were signed. The two documents stipulate that the Chinese Government will present maize to the Mauritanian Government and provide it with loans. Li Xiannian and Taya attended the signing ceremony.

Met by Gu Xiuliang in Nanjing

OW231254 Beijing XINHUA in English 1243 GMT 23 Feb 86

[Text] Nanjing, February 23 (XINHUA) -- Colonel Maayouia Ould Sid Ahmed Taya, Mauritanian head of state, his wife and their party were entertained at a banquet given by the Jiangsu Provincial Government here this evening.

The Mauritanian visitors arrived here from Beijing earlier today. They were greeted at the airport by Gu Xiuliang, governor of Jiangsu, and Zhang Yaohua, mayor of Nanjing. After their arrival here, the visitors went on a cruise along the Yangtze River and were taken to the Nanjing Yangtze River bridge. They also paid a visit to a new residential area in the city. The residential area, situated on the shore of the Mochou Lake, has over 40,000 inhabitants.

SIERRA LEONEAN PRESIDENT ARRIVES 24 FEBRUARY

OW240756 Beijing XINHUA in English 0710 GMT 24 Feb 86

[Text] Beijing, February 24 (XINHUA) -- Sierra Leonean President Joseph Saidu Monoh arrives here today for an official visit, which, as analysts said, will further enhance the cooperation between the two countries. China and Sierra Leone established diplomatic relations in July 1971. Since then, political and economic cooperation between the two countries has developed steadily. Former Sierra Leonean President Siaka Stevens visited China three times during his office which ended last November, while Chinese senior officials also visited Sierra Leone. In recent years, political, economic, cultural and sport contacts between the two countries have increased. The Chinese Communist Party and the Sierra Leone's ruling party, the All People's Congress, have set up ties recently.

In economic sectors, China has provided loans totaling 100 million yuan (about 31.35 U.S. dollars) to develop Sierra Leonean economy. As well, 13 China-aid rice-planting technical stations are playing an important role in helping with Sierra Leone's agriculture. China has also helped to build a sugar refinery and is managing a sugarcane farm. The farm and factory turned out more than 8,000 tons sugar last year, accounting for one-third of the sugar consumed, saving large amounts of foreign exchanges. 30,000-seat Siaka Stevens sport stadium, 26,000 square meters government building and some highway bridges have been built and some other projects are underway with the aid of China. All those assistance is highly praised by Sierra Leonean people.

Last year the two countries signed an economic and technical agreement, under which China will provide technology services and set up joint ventures. The two sides also agreed to explore the possibilities of further cooperation in agriculture, water conservation, fishery, forestry and sugar-refining with the help of Chinese specialist now working in the country.

EDUCATIONAL COOPERATION PROTOCOL SIGNED WITH YAR

OW230140 Beijing XINHUA in English 0121 GMT 23 Feb 86

[Text] Sanaa, February 22 (XINHUA) -- A protocol of education cooperation between China and Arab Yemen from 1986 to 1990 was signed here today. Under the protocol, China will provide teaching instruments and educational equipment worth 1,000,000 Chinese yuan (about 330,000 U.S. dollars) to the secondary technical schools and vocational educational centers in Arab Yemen. China will also send advisors at China's expense to help Arab Yemen in developing its secondary technical education.

The protocol also provided that China and Yemen will exchange students and scholarships. The protocol was signed by the visiting head of the Chinese education delegation and members of China's Educational Committee Huang Sinbai and Deputy Education Minister of Arab Yemen 'Abd Rabbuh Jaradah.

SAUDI ARABIA REJECTS SOVIET AIR TRANSIT REQUEST

OW211633 Beijing XINHUA in English 1521 GMT 21 Feb 86

[Text] Kuwait, February 21 (XINHUA) -- The Saudi Arab Civil Aviation Authority has turned down a request by the Soviet Union for transit permits of five Aeroflot airliners, according to today's AL-WATAN here. No reason for the rejection was given but the report quoted a spokesman of the Aeroflot as saying that the rejection "has been considered as an unfriendly gesture."

According to the Soviet spokesman, two of the five planes are still grounded at the Larnaca Airport, Cyprus, two others at the Bombay Airport, India, and the fifth plane is waiting at Moscow.

He said that the application for the permits was made by the end of January.

CENTRAL DOCUMENT ON 1986 RURAL WORK PLAN ISSUED

OW230600 Beijing XINHUA Domestic Service in Chinese 0735 GMT 22 Feb 86

["Plan of the CPC Central Committee and the State Council for Rural Work in 1986" -- 1 January 1986]

[Text] Beijing, 22 Feb (XINHUA) -- The New Situation and Tasks

1. Last year, following the adoption of the system of contracted responsibilities with remuneration linked to rural output, China also took a major step and achieved remarkable success in reforming the unified and fixed state purchase system for farm produce and in readjusting production structure. The most important indicator of this is the enlivening of the rural economy. Broad masses of peasants show an ever-increasing initiative in applying themselves to production to meet market demands. The lateral ties of the commodity economy have developed. Forestry, animal husbandry, fishery, and processing industry, and service trades, which have long been comparatively less developed, have been substantially upgraded. Our rural areas are advancing on the avenue of diversified operations and coordinated development. Last year, despite a drop in grain and cotton output due to relatively serious natural disasters and the planned shrinkage of grain and cotton acreage, output met market demand. The output of all other crops increased, and total rural output and peasant incomes still registered a relatively large increase. Sustained economic growth in rural areas has provided favorable conditions for reform and development of the national economy as a whole. Practice has proven that the principles and policies for rural reform are correct; they must continue to be implemented.

2. The agricultural growth rate of recent years was seldom seen in the past. This is primarily attributable to the fact that all potential forces for originally increasing production have burst onto the scene simultaneously as a result of reform. In the days to come, sustained and steady development of agriculture will hinge on stability and the continuous improvement of our policies, the continuous augmentation of the peasants' initiative, and the continuous improvement of the conditions for agricultural production. We should realize that the present material and technological foundation of agriculture is still fragile; peasant interest in growing grain crops seems to have decreased in some areas; while the old economic system is being replaced by the new in the rural areas, the process is marked by many anomalies; and the regulation of interests between various quarters has become even more complex after urban and rural reforms have converged. There are many difficult problems confronting us. However, as long as we persist in carrying out the reform that has already started, earnestly implement various party policies, and mobilize all positive factors, we can resolve all the difficult problems no matter how many there are.

The general requirements for rural work in 1986 are: implementing policies, carrying out thorough reforms, improving conditions for agricultural production, organizing preproduction and postproduction services, and promoting a sustained, steady, and coordinated development of the rural economy.

Continue To Place Agriculture in Its Proper Position in the National Economy

3. Development of the national economy with agriculture as the foundation reflects not only economic law but also natural law and must be firmly regarded as a long-range strategic principle. Ours is a big country with a population of 1 billion, of whom 800 million are peasants. In no way should we relax our efforts at agriculture because a better situation has appeared in agriculture.

Nor should we ignore investment in agriculture because capital construction for agriculture requires a long period, and because it takes a long time to receive benefits from such construction. Still less should we deny the importance of agriculture as the foundation because of a gradual decline of the percentage of agriculture in the gross output value of the national economy. In the industrialization process, we, as a developing country, must make every effort to avoid stagnation in the development of agriculture.

Following the 3d Plenary Session of the 11th CPC Central Committee, our party has persistently upheld the principle of taking agriculture as the foundation and has achieved substantial successes. As the situation continues to develop and change, more effective measures must be adopted so that this principle can be continuously upheld. To maintain a balanced development of industry and agriculture, the state will, beginning with the Seventh 5-Year Plan, appropriately increase investment in agriculture capital construction and agricultural operating expenses and set aside some of the additional receipts from increased income tax and industrial and commercial taxes on village and town enterprises for use in supporting agriculture. The bonus tax collected from village and town enterprises will be put at the disposal of the related township financial department (or managed by the county financial department on behalf of the township if the latter has no financial department) and used for agriculture; it should not be used for any other purpose.

In order to encourage enthusiasm among the peasants for growing grain, the state will constantly improve the method of contractual grain purchase, stabilize the prices of means of production for agriculture, and reduce or remit taxes on small chemical fertilizer plants that have difficulties for the purpose of lowering the prices of chemical fertilizers. In order to enhance the peasants' ability to accumulate funds, it is necessary to keep the peasants' tax burden within reasonable limits and strictly prohibit arbitrary apportionment and unjustified fees. It is necessary to support the peasants in developing a diversified economy, open more avenues for production, and "supplement agriculture with industry." Loans for village and town enterprises should be extended in consideration of trades and purposes. They may be on more liberal terms if they are extended to trades which are encouraged, or to backward regions, for use as circulating funds or for technological transformation. The departments concerned, particularly the departments in charge of overall balancing, should formulate implementation plans based on the aforesaid principles. They should submit the plans to the State Council for approval before they are carried out.

All provinces, autonomous regions, municipalities, and counties should ensure proper use of agricultural funds appropriated by the central authorities and should not divert them to other than their specific purposes. Local governments should do their best to make more agricultural investment with their own financial resources to stop a decreasing trend in agricultural investment. Investment in water conservation projects should be restored as soon as possible to the guaranteed level of 1980.

Maintain Steady Agricultural Growth Through a Scientific Approach and Increasing Investment

4. The Seventh 5-Year Plan calls for a total grain output of 900 billion jin, maintaining an approximate level of 800 jin per capita. This is a new production level, which can be attained only by relying on science, increasing investment, increasing per unit area output, and appropriately stabilizing the total acreage for grain crops.

Efforts must be made to increase land productivity. Chemical fertilizer supply should be increased year after year. At the same time, the tendency to overlook organic fertilizers in recent years should be corrected in order to increase organic matter in soil content.

It is necessary to continue to harness rivers, improve farmland water conservation facilities, repair and renovate existing facilities, and build necessary auxiliary projects for existing facilities. It is necessary to transform land with medium and low yields according to plan. The necessary labor investment system should be instituted, and procedures for cooperating in building mutual-benefit agricultural projects should be further improved. With some peasants shifting to nonagricultural production, encouragement is given to putting more cropland in the hands of expert farmers and developing special crop-cultivation households of proper size.

In order to support the development of animal husbandry and the aquatic products industry, it is necessary to step up building basic facilities for commodity production, grassland, and facilities for deep-sea fishery; set up fine-seed breeding, fodder, epidemic prevention, product processing, storage, transport, and marketing services; and gradually form relatively concentrated commodity production zones. It is necessary to develop forestry persistently and cultivate fast-growing forests to support the cultivation of slow-growing forests. At present, emphasis should be put on nurturing young forests and building fast-growing and high-yield forests.

In coastal areas, it is necessary to build a number of export bases for new agricultural products, special local products, and small commodities produced by village and town enterprises; develop the production of agricultural products that earn foreign exchange; and take the lead in achieving good quality and high standards for rural products.

All localities, particularly counties, should continue to do a good job in agricultural resources surveys, agricultural regionalization, and social and economic surveys, formulate overall local development plans, and give full play to local favorable conditions to develop the local economy in an all-round way.

This year, departments concerned should formulate regulations on strictly controlling building of nonagricultural projects on cropland; on governing the planning, building, and management of small towns; and on concrete measures for water and soil conservation and for rural environmental protection. This legislation should be submitted to the State Council for approval before it is enforced.

5. Although the state has increased its investment in agriculture, funds for rural construction will still mainly come from the rural areas' own accumulation. We recommend that the cooperative economic organizations in various localities use some of their annual revenue to set up a public accumulation fund and at the same time establish a depreciation system for their fixed assets. We also encourage the masses to invest in building various kinds of production facilities. The People's Bank and the Agricultural Bank of China should formulate different credit loan policies for different areas and industries in order to support the structural reform of industries and the renovation of agricultural technology. The various policies governing credit cooperatives stipulated in the CPC Central Committee Document No 1 of 1985 as well as the various State Council regulations on the structural reform of credit cooperatives should each be implemented. The ratio between a credit cooperative's reserve fund and total deposits should be properly lowered according to local conditions, thus ensuring that more deposits are attracted so that more loans can be made. We must also actively promote various kinds of rural insurance.

6. Science and technology must serve the rural economy, and rural economic development must depend on science and technology. This should be regarded as an important principle.

Currently, we must emphasize the development of new seed strains, new technology, new machinery and implements, and new materials suitable to China's agriculture. We must also promote technical innovations in the various sectors of a diversified economy, continuously raise both the quantity and quality of products, cut production costs, and raise labor productivity.

We must attach great importance to establishing and perfecting such services as agricultural scientific research, education, information, technological popularization, management, and others at all levels. We must make gradual and proper readjustments to the orientation, mission, and layout of the agricultural scientific research organizations; develop the county agricultural technological popularization center to combine the tasks of experiment, demonstration, popularization, and training; and step up the popularization of agricultural technology at the frontline of production. Technological services should primarily be rendered to the peasants at little or no charge.

Under the "spark plan" approved by the central authorities and the State Council and being implemented by the State Science and Technology Commission during the Seventh 5-Year Plan, some 100 types of complete sets of technical equipment suitable for use in village and town enterprises are to be developed and manufactured in large quantities; some 500 village and town enterprises for technical demonstrations will be established; they will be provided with whole sets of technology, management regulations, product designs, and quality control methods; and each year, these enterprises will offer short-term training to a number of educated rural youths and basic-level cadres thus enabling the trainees to master one or two advanced technologies of great use to their respective localities. This should be a good way to promote scientific and technological services. The scientific, technological, education, and economic departments at all levels must closely cooperate to implement this plan and must work out their own plans of a similar nature in order to accelerate various technical innovations in rural areas.

While doing technological research and popularization work, scientific research agencies, colleges, and other schools concerned should pay attention to planning for medium- and long-range research projects and should replenish their scientific reserve forces.

Carry Out Thorough Rural Economic Reform

7. Rural economic reform is still far short of its set goals. Reform involves breaking with old ways and establishing new ways. To perfect the circulation and cooperative systems and readjust the industrial structure, a lot of work remains to be done. If we fail in this work, reform may be interrupted. The various difficulties encountered in reform can only be resolved by forging ahead with reform. There is no future in shrinking from difficulties.

8. Reform in the system of unified state purchase of farm products is tied to the interests of the producers, dealers, consumers, and other sectors. This reform should be carried out in coordination with urban reforms in the future. This year we should concentrate our efforts on policies already in force, keep up the good work, and consolidate and enhance the fruits of reform.

Replacing the unified state purchase of grain with contractual purchase is an important reform in the grain procurement system. It should be gradually perfected. Our determination to carry out reforms should not be swayed by seasonal fluctuations in grain production. To protect and arouse the peasants' enthusiasm for producing and selling grain, the quantity of contractual purchases will be reduced to an appropriate extent, more grain will be purchased at negotiated prices in the market, and peasants who sign contracts will be supplied a fixed quantity of chemical fertilizer on a par and will be given loan priority.

While readjusting the quantity of contractual purchases, special attention should be given to those localities that have tremendous potential for grain production but lack the means to develop production in other areas. In economically developed areas, the quantity of contractual purchases should be kept stable mainly by promoting the development of village and town enterprises so as to supplement agriculture with industry and reasonably compensate peasants for producing and selling grain.

In order to rationally regulate the economic interests of the provinces that ship grain and those that bring in grain, facilitate grain circulation, and enable each province to exploit its own advantages, starting in the 1986 grain year, all provinces, autonomous regions, and municipalities will institute a system of responsibility for grain shipment. The method for determining shipment prices and the financial subsidies involved will also be readjusted accordingly. When it becomes necessary to export from or import into a province grain that does not fall within the scope of the responsibility system, localities will negotiate purchase and sales prices.

The Ministry of Commerce and the Ministry of Finance will be instructed to work out, as soon as possible, a plan implementing the two tasks mentioned above, and to submit the plan to the State Council for approval before transmitting it to all localities. Following the aforesaid guidelines, all localities should take local conditions into consideration and do their work in a meticulous and down-to-earth manner.

Large cities should give priority to the production and supply of vegetables and sideline products. Continued efforts should be made to ensure vegetable production in the nearby suburbs and to gradually set up vegetable production bases in the distant suburbs, as well as to designate vegetable supply bases out of town. The nearby suburbs will be the primary source of vegetable supply, the distant suburbs will play a supplementary role, while the out-of-town bases will provide a certain degree of maneuverability. This will ensure an ample vegetable supply. It is necessary to actively establish wholesale markets for vegetables and sideline products to make more farm products available in the cities.

Processing plants that use farm produce as raw materials should try various ways to serve the areas that produce raw materials and should assist the peasants in providing products that meet the plant's requirements. In this way, the processing industry will gradually guide and promote production. Signing contracts will benefit both the peasants and factories, and profits will be shared between them.

Timber produced by collective-run forest zones and animal byproducts turned out by stockbreeding zones should adhere to the open policy, rather than revert to the old way. All localities should provide effective guidance in light of the new situation resulting from the implementation of the open policy, so that the production and circulation of timber and animal byproducts will be guided onto the right track as soon as possible.

The circulation sector should persist in multichannel operations. State-run commercial establishments should accelerate reforms, show greater vigor in their operations, solve the problem of excessive circulation fees, exploit their advantages, master the essential sources of commodities, take an active part in market regulation, and help balance supply and demand.

9. In readjusting agricultural structure, it is necessary to correctly handle the relationship between grain production and a diversified economy. Grain is an important and irreplaceable product vital to state economy and the people's livelihood. Grain production should be guaranteed. On the other hand, grain yields low earnings and peasants need to supplement their income with a diversified economy. Therefore, equal attention should be given to grain production and to a diversified economy. They should closely coordinate with and promote each other.

In the past we devoted our efforts solely to promoting grain production, which failed to bring faster increases in grain output. On the contrary, it resulted in a stagnant rural economy. In recent years, we have encouraged a diversified economy, including growing cash crops, and developing forestry, animal husbandry, fishery, rural industries, building industry, transportation, service trades, and so on. As a result, grain output has increased more rapidly, increasing overall rural economic prosperity.

Under China's current situation, agriculture and rural industry must develop together harmoniously. Neither industry nor agriculture should elbow the other aside. It should be pointed out that if the rural industry is not developed, there will be no outlet for surplus labor, and we will not be able to supplement agriculture with industry. Conversely, if the agricultural sector is unable to increase its supply of food and raw materials, it will be hard for the rural industry to grow. Both of these consequences will have an adverse effect on economic growth and social stability.

Over a period of just a few years, village and town enterprises' output has already exceeded 200 billion yuan, and they have absorbed a labor force of 60 million people. They have thus found an effective way to deal with the problems of limited acreage, oversupply of labor, and capital shortage in the rural areas of our country, and they have established new ties between urban and rural areas. This shows that village and town enterprises have vitality and an important economic and political significance. As such, all central departments and local authorities must support them, draw up rational plans, give them correct guidance, and improve their management so that they continue to develop soundly.

10. The development of rural commodity production calls for socializing production services. Therefore, improving the cooperative system should begin with services. In China's rural areas, the development of commodity economy and the development of productivity are uneven between regions and industries, and the peasants' needs for services are also diverse. Thus, different forms of cooperation and association projects of all sizes and at different levels should be allowed to coexist. By no means should there be arbitrary uniformity; much less should any one form or project be popularized by means of political movement.

A number of services organized on the basis of the nature of products or trades have appeared in recent years, and their experiences should be earnestly reviewed and gradually improved. Various localities may choose several districts where commodity production is concentrated -- especially bases of export commodity production -- districts where production of perishable goods is concentrated, and districts where family-operated industries are concentrated, and provide them good seeds and technical expertise as well as processing, storage, delivery, marketing, and other services. Specialized cooperative organizations should be gradually set up through providing such services.

Regional cooperative economic organizations should continue to improve the two-tier operation system, which combines centralized and decentralized operations. As a long-term party policy, the household-based contract responsibility system must never be changed at will or depart from the masses' needs. However, some localities have failed to take the responsibility of doing those things which cannot be accomplished, or cannot be accomplished efficiently, by individual households, and the masses are not happy about this. We should firmly integrate centralized and decentralized operation and take effective steps to provide satisfactory technical and operational services, as well as the necessary management.

Because of relatively great differences in social and economic conditions in different areas, the combination of centralized and decentralized operation should also be different in substance, form, size, and level. In areas where collective resources are limited, production is relatively uniform, and output is primarily meant for self-sustenance, work should be started from the very basic.

Effective measures should be taken to help rural households solve their problems in production and circulation and increase their cooperative projects gradually. The economically developed areas where collective enterprises are well founded should fully utilize the conditions of centralized operation and centralized distribution to step up agricultural capital construction and technical transformation, and appropriately readjust the size of operation so as to enhance coordinated agricultural, industrial, and commercial development.

The supply and marketing cooperatives shoulder the heavy task of procuring great quantities of agricultural products and supplying means of production and consumer goods. To meet the peasants' needs in developing a commodity economy, these cooperatives must accelerate the pace of reform and become the peasants' business partners. In matters related to financing, tax revenues, credit loans, and personnel, the state gives equal treatment to the supply and marketing cooperative and to the cooperative commercial operations under the collective ownership system, and the state also gives them preferential treatment where needed. In accordance with this principle, the Board of Directors of the All-China Federation of Supply and Marketing Cooperatives must submit a plan for further reform as soon as possible.

11. The socialist public ownership system provides all workers with conditions and opportunities for development, and the state controls the regulation of social income. These facts form a fundamental guarantee for achieving the goal of prosperity for all people and for forestalling polarization. Because of differences in specific conditions among the workers and the various regions, it is inevitable that some people have become affluent sooner or have greater wealth than others. In policy, we must persist in the orientation of bringing prosperity to all, but in practice, we must permit differences in development and let some people and regions become well-off first, because only thus can the society progress. Egalitarianism will not work because it only chokes production and leads to poverty. In our understanding, we must distinguish between socialist development of letting some people become well-off sooner than others and polarization under the private ownership system.

Individual economies are a necessary complement to the socialist economy. In permitting them to exist and develop in rural areas, we are bound to see differences in the possession of means of production. But if we adopt an appropriate policy and take necessary regulatory action, we can keep these differences within the bounds permitted by society, and these differences will not pose a threat to the socialist foundation. Although we must encourage the various specialized households to become well-off by hard work, we will not tolerate their "becoming rich and influential families."

In short, we must allow some of the people to become well-off first, but at the same time, we must also develop a system of cooperation, regulate income with taxes, help the poor, perfect the legal system, protect people's legal rights and interests, check illegal profit-seeking, and develop productive forces, thus embarking us on a course toward prosperity for all people.

Effectively Help Impoverished Areas Gradually Change Their Faces

12. Great disparities in natural, social, and historical conditions exist in China's rural areas. Freeing the impoverished regions from poverty calls for arduous work and protracted efforts. The leaders at all levels and various departments must enhance their understanding, change their work style, pay close attention to the work in these regions, and include the mission of changing the faces of the impoverished areas as an important task on their daily agenda.

To change the face of the impoverished areas, we must proceed from reality, assess different situations, clarify responsibilities at each level, and deal with the problem by groups of areas. Currently, emphasis must be laid on the most difficult areas where the people still do not have sufficient food and clothing. After carrying out investigations in these areas, we will then formulate plans, allocate funds, and adopt effective measures to speedily provide the local people with sufficient food and clothing so that they can gradually improve their livelihood by tapping local resources and developing production self-reliantly. In areas where conditions are not so difficult, we will mainly implement the policy and guide production with a correct principle, providing necessary support to the development of forestry, animal husbandry, and mining industries and the production of indigenous and special products, thereby enlivening the local economy.

13. Funds allocated by the state to provinces and autonomous regions as aid to impoverished areas must be examined and subjected to the unified control of the provincial or autonomous regional governments, which, in turn, will work out plans, designate specific projects, and organize funds, technology, and professional people to give coordinated support to the impoverished areas.

14. State-run industrial plants and mines in impoverished regions must disperse their production among local village and town enterprises to aid their development. Mountains, forests, pastoral lands, and watery areas, which are beyond the state's means to manage, may be contracted out to the local people for development. The local government may also provide a part of the capital to a joint venture with the local people for the development of these areas. We must encourage developed areas to build enterprises in the impoverished regions. With the exception of some special varieties designated by the State Council, all agricultural, forestry, animal husbandry, sideline, indigenous, and special products produced in the impoverished areas may be freely sold on the market.

15. The State Council and relevant provinces and autonomous regions must set up leading groups in impoverished areas to strengthen leadership. They must make use of all types of channels to train cadres for impoverished areas, and, at the same time, transfer a group of outstanding cadres from the central, provincial, and prefectural level organs and organize volunteers to work in impoverished areas.

Strengthen and Improve Leadership

16. During the past few years, the central authorities have continuously issued a series of important policy documents on rural work. The various localities and departments have earnestly implemented them and have made due contributions to promoting rural reforms. However, on some issues, there exists disunity of thought, incompatibility in work, insufficient support to new things, and a failure to make proper efforts in implementing the central policies. We must overcome this situation. From now on, various localities and departments must safeguard the seriousness of the party's policies and raise their awareness in implementing policies. Under no circumstances should one go his own way on important policy issues. In revising outdated policies that fail to keep pace with the current situation, we must practice democratic centralism. When there is a need to implement policies flexibly, we must report the situation to the higher authorities and request their approval. When we encounter difficulties in the course of implementing a policy, we must conduct investigation and study, make active explorations, and take the initiative in doing things. We must never beat a retreat in the face of difficulties.

17. In carrying out rural reforms and developing the commodity economy, we must combine the efforts of the urban and rural areas, and we must require coordination among many departments. In order to coordinate all our activities, various provinces, autonomous regions; and municipalities under the direct administration of the central government must adopt specific measures to strengthen their guidance over the development of the rural economy in a coordinated manner.

It is necessary to continuously carry out overall reforms in selected points at the county level. We may further carry out our tests in places where conditions permit. After the separation of government administration from commune management, the township government can only lead the economic work in the whole township from the administrative angle. We must respect the decision-making rights of cooperative economic organizations and enterprises, and we must gradually build township finances.

In doing rural economic work, leadership's main task is to serve the grass-roots units and the peasants. Efforts must be made to perform actual deeds, emphasize practical results, never yield to vanity, and oppose boasting and exaggeration. Particular efforts must be made to oppose the unhealthy act of resorting to trickery in dealing with one's superiors. The cadres at all levels should go deep into basic-level units, visit the prominent personages to solicit their views, help the poor become well-to-do, perform some actual deeds in each township and village, ensure that they achieve their goals successfully, and carry out their work well in every household and family.

18. The rural party rectification is being carried out step by step on the basis of the circular of the Commission for Guiding Party Rectification. In the course of party rectification, we must commend those party members who actively lead the masses to achieve common prosperity, protect those party members who become rich by working hard, and seriously deal, on a case-by-case basis, with the few cadres and party members who have made use of their authority to seek private gains and have reaped stragglers profits by illegal means. Efforts must be made to strengthen party building in the rural areas through party rectification, bring into full play the role of basic-level party organs as a fighting bastion in developing material and spiritual civilization in the rural areas, carry out ideological and political work regularly, and foster socialist ethics and habits. Some villages are organizationally lax. No one is doing work responsibly. We must adopt measures to correct this situation within a time limit. Village cadres must set up a clear-cut responsibility system and be reasonably paid for their work.

The steady development of the rural economy is of great significance to the entire national economy and of even greater importance to realizing the target of being comfortably well-off before the turn of the century. The central authorities hope that the leadership at all levels and the relevant departments will closely coordinate with one another, work harder than ever before, bring about a rejuvenation of the rural economy, and score an overall victory in carrying out rural reforms.

HU YAOBANG INSPECTS, ENCOURAGES RURAL WORK

OW232018 Beijing XINHUA Domestic Service in Chinese 0743 GMT 23 Feb 86

[By reporters Feng Jian and Zhang Zhilin]

[Text] Beijing, 23 Feb (XINHUA) -- Hu Yaobang, general secretary of the CPC Central Committee, stressed on 19 February that leading organs and leading cadres at central and provincial levels should regularly go among the masses and visit grass-roots units to conduct investigation, study, and build closer ties between higher and lower levels on one hand and between leading organs and the broad masses on the other.

Doing so strengthens good common practice and generates tremendous spiritual strength. What is more important, it is also conducive to realizing correct leadership, minimizing mistakes in leadership work, upgrading the quality of cadres, and promoting the sound development of cadres, especially younger ones.

He said: Judging from our party's historical experience, we must work hard in two areas if we want cadres to develop healthily. First, cadres must have a good grasp of Marxist theory as well as modern scientific and technological knowledge and administrative and management know-how. Second, cadres must be familiar with the situation in the country and in their respective provinces, and must work hard for more experience in practical work. In other words, they must climb upward as well as delve deep.

Hu Yaobang made these remarks in Nanning on 19 February after he heard reports from three inspection teams formed by central organs on the situation of impoverished areas and on the work of Yunnan, Guangxi, and Guizhou.

From 4 to 16 February, Hu Yaobang toured, by car, high mountain ridges in southwest China and inspected Anshun Prefecture Guizhou; Qujing Prefecture, Yunnan; Baise Prefecture, Guangxi; Beihai City; and Fangcheng Port. He was briefed on the work of these prefectures and of a dozen or so subordinate counties. After arriving in Nanning on 16 February, he spent 2 and 1/2 days attentively listening to the work reports of the three inspection teams, two provinces, and one region.

Hu Yaobang's speech is divided into four parts: 1) two aspects of leadership work that require attention; 2) the situation and prospects of our country's agriculture; 3) views on economic development in Yunnan, Guizhou, and Guangxi; and 4) the question of impoverished areas emerging from poverty and prospering.

Discussing the agricultural situation in our country, he said: All in all, agricultural production in our country has improved each year and developments have exceeded the expectations of many comrades. The major experience in agriculture is that in the 7 years since the 3d Plenary Session of the 11th CPC Central Committee, we have taken two big steps: First, we have introduced the multifarm system of contracted responsibilities based on the household with remuneration linked to output in agricultural production and given the peasants broad decision-making powers in managing production. This is a very bold step, which rapidly, in just 2 to 3 years, put an end to the long stagnation in our country's agricultural production and enabled most areas in the country to solve problems of food and clothing. We took the second step by adopting, in 1981, the operational policy of "never allowing grain production to fall off while actively developing a diversified economy," reforming the system of assigned or unified purchases of farm produce, readjusting the production structure in rural areas, developing village and town enterprises, and promoting agricultural commodity production. These two steps are important policy decisions in the reform of Chinese agriculture.

Reviewing China's course in developing agriculture, Hu Yaobang said: There are two points to which we must pay full attention. First, we must take the road of achieving common prosperity. Our goal is to achieve common prosperity. However, over a considerably longer period, we should allow some peasants to become well off first and others to become rich later, as if in waves. Second, we should never allow ourselves to take the beaten track of total separation between cities and the countryside and between industry and agriculture. While we carry out diversified management and run town and township enterprises, peasants will still be in the countryside, although they will no longer carry out farming. This ensures a suitable ratio between rural and urban population. As long as we grasp these two points, we will continue to vigorously reform China's agriculture and help China's countryside become rich and will never deviate from the socialist road.

On the basis of his investigations in the past 13 days and the large amount of data compiled by his inspection group in the two provinces and one autonomous region, Hu Yaobang analyzed in detail the prospects of economic developments in Yunnan, Guizhou, and Guangxi. He said: In the past 2 years, economic development has accelerated in Yunnan, Guizhou, and Guangxi. They are doing a good job, and they have further strengthened their confidence in developing the economy. However, if we look at the level of development, they still rank among the backward provinces, municipalities, and regions in the country. To change this situation, they must overcome many difficulties. In short, they must guard against rashness and be full of confidence in quadrupling the gross annual value of industrial and agricultural output by the turn of the century.

He emphatically pointed out: To win the economic battle of quadrupling the gross annual value of industrial and agricultural output, the two provinces and one autonomous region must study hard to bring their own superiority into full play and to overcome their respective shortcomings, thus fostering their strengths. As for understanding the situation in one's own province and one's own autonomous region, it is a continuous process of deepening one's knowledge. It is impossible to complete this process at one stroke. It must go through a repetitious process of practice, knowledge, more practice and more knowledge. At the same time, this kind of knowledge must be acquired in close connection with the state of affairs in the whole country and the needs of China's overall development. Only by doing so can one fully understand the situation in one's own province and one's own autonomous region. He expressed the hope that in developing their economy, the two provinces and one autonomous region pay attention to their superiority in the following three aspects:

1. The two provinces and one autonomous region have rich mineral resources of various types, including energy resources, ferrous and nonferrous metals, and nonmetal mineral resources. These mineral resources are of great significance in developing China's national economy.
2. Yunnan, Guangxi, and the low-temperature zone of rivers and valleys in southern Guizhou are areas where subtropical economic crops thrive. These are zones where we can vigorously grow sugar-bearing crops, various types of subtropical fruit, many types of medicinal herbs and spices.
3. The two provinces and one autonomous region have vast high and cool mountainous areas and pastures where trees and fodder grass will thrive and a large number of cattle, horses, and sheep can be put out to pasture. The two provinces and one autonomous region must adopt effective measures and implement even more flexible policies to bring their superiority into full play through the following:

Strive to import and develop new technology, open up new industries, and make full use of the rich, local coal resources.

Adopt still more flexible policies and measures in mining by carrying out cooperative mining among state-run, collective, and individual mining enterprises.

Work out plans and strengthen guidance over the study and development of subtropical economic crops, improve technical services with regard to these crops, and provide services before and after the crops have ripened.

In developing township enterprises, we must base ourselves upon local resources and pay attention to helping the masses become well-to-do.

In grain production, we must grow grain crops intensively instead of growing them over large areas.

As for the question of impoverished areas prospering after eliminating poverty, Hu Yaobang said: The central authorities have always been concerned about this question and take it seriously. On 29 September 1984 the CPC Central Committee and State Council issued a circular on helping impoverished areas change their situation as quickly as possible. Now we must vigorously implement it. The most important thing is to select the right targets and concentrate our attention on helping them so that the income of the overwhelming majority of the people in some impoverished areas will actually increase every year. This is the heart of the matter, and we must grasp it. We must guard against flourishes and avoid grandiose projects.

Advanced areas should "lead" and "help" impoverished areas. By "leading" we mean doing a good job in cooperating with impoverished areas and bringing them along toward prosperity; by "helping" we mean passing on technology and management experience. We should call on and select a number of party and government cadres and scientific and technological personnel who have a strong sense of responsibility and aspire to help poor areas rid themselves of poverty to work in poor areas on a voluntary and rotational basis. He said: With the development of our national economy, the state's capacity to help poor areas will increase year after year. However, we must clearly understand that the guiding ideology for helping poor areas should be to strengthen their ability to develop through their own efforts and enhance their own ability to "produce blood." We must help people in the poor areas remove the mental burden imposed on them by generations of poverty by providing them with good examples showing them how to draw on the strength of advanced models, enhance their confidence, and mobilize and bring into play their enthusiasm for developing the economy.

Before hearing the reports of the three inspection teams and the two provinces and one region, Hu Yaobang inspected Beihai City -- the southwesternmost of China's 14 open coastal cities -- 14-16 February. He inspected construction projects well under way in the city, including the construction site of the 10,000-ton class wharf at Beihai Port, the construction site of the port area at Fangcheng Harbor, and the recreational beach being planned. He asked for details on the production and construction situation in Beihai since it was designated an open city in April 1984, commending it by saying that the city's development has been rather smooth.

He said: One of Beihai City's biggest differences from other coastal open cities is that it is the passage to overseas for the hinterland of our great southwest China covering Sichuan, Yunnan, and Guizhou. The capacity of Beihai and Fangcheng harbors will be increased to several million tons in 2 to 3 years. Beihai City should give top priority to serving the harbors well. It is necessary to develop transportation, storage, trade, packaging, processing, and other tertiary industrial facilities by concentrating on the needs of the harbors. This is a major task concerning the economic and social benefits of Guangxi and the southwestern part of our country. If we carry out this work well, it will provide impetus to economic development in the southwest. He also said that Beihai is blessed with special resources superior to those found in other places or provinces. They may be further exploited by introducing investment from abroad and establishing lateral ties at home.

Hu Jintao, secretary of the Guizhou Provincial CPC Committee; Wang Chaowen, governor of Guizhou Province; Pu Chaozhu, secretary of the Yunnan Provincial CPC Committee; He Zhiqiang, governor of Yunnan Province; Chen Huiguang, secretary of the Guangxi Zhuang Autonomous Region; and Wei Chunshu, chairman of the autonomous region, separately accompanied Comrade Hu Yaobang during the inspection tour. They also attended the report meeting in Nanning.

PROBLEMS OF RURAL FINANCE, DEVELOPMENT VIEWED

HK210921 Beijing RENMIN RIBAO in Chinese 16 Feb 86 p 1

[Commentator's article: "Improve Macroeconomic Control; Enliven Rural Finance"]

[Text] In 1985, financial departments in rural areas made due contributions to stabilizing the situation of economic reform and supporting economic development in the rural areas by taking an active part in expanding the sources of credit funds, and doing their best to organize and regulate funds in order to basically ensure the monetary needs in the purchase of agricultural and sideline produce and the readjustment of production mix in the rural areas. This was subject to the condition that the scope of credit in the rural areas must be kept under strict control when easing the shortage of credit funds in the rural areas.

However, we should also see that our financial work in rural areas still fails to meet the development needs of the situation, compared with the more and more important position of financial departments in China's economic life and the requirements of the development of commodity economy in the rural areas. One noticeable thing is the lack of harmony between supply and demand of credit funds, and the control over credit has either been too relaxed or too tight over the past 2 years. The loss of control over credit will foster the blind development of economy, while too tight a control will affect the normal progress of production and circulation. The phenomenon of requiring unanimity in everything still exists to a certain degree in credit controls, which has affected the exploitation of the advantages of some regions as well as the appropriate consideration for some areas which are in difficulty. Besides, the phenomenon of lacking in strict control over credit and making loans blindly also exists. These problems should be solved in earnest. Setting up a steady credit mechanism in the rural areas and formulating a credit policy based on different regions and industries will give better play to the role of credit as a lever in the rural economy. It is also an important task facing rural financial departments.

In the new year, rural financial departments should review their experiences and lessons. They should do their best to strengthen and improve macroeconomic control, to organize circulating funds, to expand the sources of funds, to accelerate capital turnover, and to support the continuous readjustment in the production mix in the rural areas and the smooth progress of the transformation of agricultural technology, based on the guiding idea of the Central Committee on economic construction during the Seventh 5-Year Plan and the spirit of the 1986 Central Document No 1. The agricultural bank plays the double functions of macroeconomically controlling the economy and microeconomically enlivening the economy. Starting from a macroeconomic angle of the national economy and the development of rural economy, the agricultural bank should readjust its credit policy based on different regions, conditions, trades and uses, so that control may be strict or otherwise as the case requires, when support or restriction may be carried out based on the actual conditions. China's rural areas are vast, and have a thousand differences in their conditions. We should not require unanimity in everything in all undertakings; the same holds true with credit work. Only when different targets and policies in credit are adopted based on differences in population, natural resources, geographical conditions and economic levels of different regions as well as the principle of dealing with different cases and giving qualified guidance will it be possible for credit work to conform to the actual conditions of rural areas and to accomplish due results.

Enlivening the funds in the rural areas and promoting the development of rural economy requires the concerted efforts of agricultural banks and credit cooperatives in various localities. Administrative measures were usually adopted in the management of rural finance; now many relations should be straightened out through reform.

Before these relations are straightened out, agricultural banks at all levels and grass-roots operational units should bring into play their subjective initiative and unfold their work in a creative way under the guidance of the spirit of the Central Committee and the relevant regulations of the Agricultural Bank. It is necessary to further strengthen management and operation, to gradually realize the systematization and standardization of credit work, and to resolutely correct the phenomenon of failing to follow the regulations and letting cases of violating the regulations go unchecked. The construction of spiritual civilization should be strengthened; and the education and training of workers and staff should be grasped firmly and well, the strengthening and upgrading of those workers in the grass-roots operational stations in particular. Under the premise of strengthening management and operation and tapping their own potentialities, they should gradually improve their own working conditions. We are sure to score greater achievements in the new year as long as we persist in reform and make concerted efforts in unanimity.

FINANCIAL WORK OF TOWNSHIPS, TOWNS ADDRESSED

HK230737 Beijing JINGJI RIBAO in Chinese 17 Feb 86 p 1

[Editorial: "Gradually Establish and Perfect Township and Town Finance"]

[Text] In recent years, the financial work at the level of townships and towns has begun in many areas. Until 1985, there were already 40,000 township and town offices in the whole country, manned by 83,000 financial cadres. The establishment of the work of township and town finance has played a good role in perfecting the building of political power at the grass-roots level, further implementing the rural economic policies of the party, developing the rural economy, and strengthening financial supervision.

To gradually establish and perfect township and town finance is an important task. With the rapid development of the rural economy, the state's various revenues from and expenditures on, rural areas are constantly increasing. The incomes of rural social financial resources and the self-raised capital at township and town level also greatly increased. Under this new condition, only by establishing and perfecting the work of township and town finance can we do well in carrying out the distribution and redistribution of social products within the scope of a whole township, raising, supplying and appropriating funds, and promoting the further development of the rural economy.

However, we should also notice that at present, the burden on peasants in some areas is still rather heavy, and that some localities arbitrarily charge and fine peasants and apportion their funds under a variety of guises. As every peasant has to pay a dozen yuan, or several dozen yuan, the peasants just cannot afford it. By establishing township and town finance under the leadership of township and town CPC committees and governments, in light of relevant principles and policies and the specific conditions of a township, under the supervision of the township and town people's congresses, and according to the supervisions of the budget and other relevant systems and the principle of "appropriately drawing and spending money," we can reasonably raise and concurrently control various funds in the interests of every quarter, increase the use value of funds and lighten the burden of the peasants.

Using industry to subsidize agriculture is an important measure in stabilizing and developing agricultural production, particularly grain production. However, in rural areas the main source of funds from industry in subsidizing agriculture is the income of township and town and village enterprises. By establishing township and town finance, we can employ its function of distributing funds to set aside a part of funds from the income of township and town enterprises.

Thus, in light of the specific measure of using industry to subsidize agriculture, and through the rational appropriation of funds and adoption of various methods, we can support and encourage the development of the planting and breeding industries so as to protect and enhance the enthusiasm of peasants for engaging in agriculture and growing grain.

After implementing rural economic structural reforms, the levying of various taxes, the grants of circulating funds earmarked to support agriculture and the subscription for treasury bills, and so on, rural areas must be geared to the needs of all the peasant households and various economic organizations. As finance work is large in volume and extensive in scope, only by establishing township and town finance can we undertake these heavy tasks, do a solid job and create conditions for further restructuring the financial structure.

To establish and perfect township and town finance, we have to do a lot of work. It is necessary to adequately investigate and study and on the basis of obtaining a good understanding of the situation, to work out an overall plan and implementation measures. It is necessary to set up organizations provided with staff; audit accounts to get a clear understanding of the financial conditions; and divide the scope of revenue and expenditure to clearly define the financial system. Meanwhile, it is also necessary to strive to open new financial resources, actively raise revenues, and rationally arrange expenditures according to the needs of production and institution development.

At present, the work of building township and town finance has been developed in the whole country. Under the leadership of governments at all levels, finance departments at all levels should coordinate with departments concerned to actively carry out and gradually establish and perfect the work of township and town finance and further develop the excellent situation in the rural areas.

JIANGSU PEASANTS REPORTEDLY OVERCOMING POVERTY

HK211002 Beijing RENMIN RIBAO in Chinese 8 Feb 86 p 2

[Report by Zhang Shuliang and Tao Yuan: "More Than 4,000 Peasant Household Have Shaken Off Poverty in Wuxi County"]

[Excerpt] Wuxi County in Jiangsu Province is well-known for its highly developed town and township enterprises. However, it has not forgotten the poverty-stricken "pockets" in rich areas and has actively helped a small number of low-income peasant households develop production. As a result, many such households have become well-off rather quickly.

Over the past year or so, along with the rapid development of the rural economy in Wuxi County, the peasants' standard of living has greatly improved. Townships and villages with a per capita income of over 1,000 yuan have emerged group after group. However, in the past year there have also been some peasant households whose incomes were relatively low, and the phenomenon of imbalance persisted. According to an investigation and calculation by a relevant department, there were nearly 8,000 peasant households in this county whose per capita income was lower than 300 yuan, making up about 3 percent of the total number of peasant households. The country leader attached great importance to this. They held that while encouraging and allowing some areas and people to become well-off before the others and acknowledging the differences in income, it is also necessary to adopt positive measures to help a small number of poor households quicken their strides towards affluence so that they may not be poor for too long.

In the work to help poor households, the county adopted a method of state subsidies, collective assistance, and mutual help among the masses in order to collect funds through various channels. In this way it collected funds of 2.15 million yuan. The county's civil affairs, grain, and supply and marketing departments also did what they could to make things easy for this work in financial affairs and material supply as well as in production and sales. In light of their realities, various areas have given play to their superiority in comparatively developed town and township enterprises and have adopted various measures such as giving priority to poor households to work in the town and township enterprises or in initiating social welfare work, in order to help the latter improve production and living conditions. At the same time, they also enthusiastically encourage all kinds of specialized households to encourage poor households and to let the rich help the poor. They have achieved very good results in this regard.

Commentator's Article

HK211034 Beijing RENMIN RIBAO in Chinese 8 Feb 86 p 2

[Commentator's article: "Do Not Forget the Poverty-Stricken 'Pockets'"]

[Text] Comparatively speaking, poverty-stricken "pockets" exist everywhere. In the whole nation, there are tens of millions of people whose problems regarding food and clothing have not been completely solved. In all provinces and prefectures, there are comparatively poor counties. In Wuxi County, which can be regarded as the "richest county," there are even thousands of people whose per capita annual income is lower than 300 yuan. Some of them are living in the well-known "100-million-yuan townships" and "10-million-yuan villages." It seems that an imbalance of economic development exists everywhere.

Ours is a large country. It is not strange for some areas with better conditions to become rich before others while some areas with a poorer basis lag behind for the time being. It is also reasonable that in the same area, due to differences in labor force, skill in production, and family background, there are also differences in the incomes of different peasant households. For a long time in the past we did not take a correct attitude toward the law of imbalance in development and tried to even up the economic incomes of all areas and all households, thinking that this would lead to equal prosperity for all. However, no one could get rich in this way and the precious opportunity for economic development was forfeited.

Over the past few years, as a result of implementing the policy of the central authorities on allowing some areas and people to become well-off before others through labor, many able people have become rich, and there has been vigorous development in our economy. The situation is inspiring. However, while acknowledging differences, allowing and encouraging the peasants to get rich before others through labor, and protecting these peasants, we must never forget those poverty-stricken "pockets," no matter how big or small. If these areas and households remain poor for a long time, then the leaders and the leading departments will be held responsible for it.

The poverty-stricken "pockets" can be neglected easily. When people visit the "100-million-yuan townships," they usually visit rich households. Very few people ever visit the poor households. In some mountain areas, since there are no transport facilities, even county leaders rarely go there. This situation should be changed. Since the poverty-stricken "pockets" have comparatively more "difficulties," they need more care and help from the leaders. Some masses of the poverty-stricken "pockets" have complaints about those comrades who only have the rich households in mind and have only visited these households. This is entirely understandable.

The comrades of Wuxi County have not been blindfolded by the "100-million-yuan townships." They have adopted effective measures to help the poor households and achieved great successes in this respect. We should encourage this spirit. If all people, either in rich areas or in poor areas, do not forget but show more concern for the poverty-stricken "pockets" and offer realistic help for them in all respects including funds, materials, information, and technology, we will not have to worry about the situation of the face of the poverty-stricken "pockets" not being changed and the purpose of achieving common prosperity gradually being attained.

SOLUTIONS TO IDEOLOGICAL, SYSTEM PROBLEMS SEEN

HK211007 Beijing GUANGMING RIBAO in Chinese 8 Feb 86 p 1

[Commentator's article: "It Is Imperative To Solve Ideological Problems as Well as Problems of the System"]

[Text] Recently, the central authorities have issued consecutive notices banning the practice of recklessly sending people abroad; demanding that leading cadres at various levels simplify the reception procedures when going on official visits to other parts of the country or foreign countries, and that cadres be selected, promoted, or appointed strictly according to party principles; banning the practice of traveling to other parts of the country or to foreign countries using public funds; and banning party and government institutions and party and government cadres from doing business and establishing enterprises. All these are guarantees for correcting the party style and straightening out malpractices.

What can we depend on in correcting party style and straightening out malpractices? First, we depend on ideological education. Second, we depend on the law and the system. The two can complement each other. Why do malpractices still prevail after the central authorities have repeatedly called for resisting and straightening out malpractices? There are many reasons for this. Subjectively speaking, there are indeed some people who abandon what is righteous (socialism) when lured by promise of gain, and who are bold enough to recklessly reap personal gain by taking advantage of the reform in spite of repeated injunctions of the central authorities. Objectively speaking, one of the important reasons is that under the present new situation of opening up to the outside world and invigorating the economy, many new situations and new problems have emerged. Because some relevant systems are imperfect, we lack definite and complete regulations which can tell us what we should do, what we should not do, and how we should do what is required of us. As a result, those who carry out malpractices can avail themselves of loopholes in the process of the new replacing the old, whereas those who are determined to resist the malpractices do not know what to follow. When summing up the lessons of the "Great Cultural Revolution," Comrade Deng Xiaoping once pointed out: "The various kinds of mistakes made by us in the past were caused by the ideology and work style of some leaders, but mainly by our imperfect organization and working systems. Sound systems can stop bad people from recklessly doing bad things, whereas imperfect systems can also make good people unable to do good things, and even make them do bad things" ("Selected Works of Deng Xiaoping," p 293). This principle is also applicable to our work of straightening out malpractices.

It is doubtlessly important to straighten out malpractices, to strengthen ideological education among party members and, especially among the leading cadres, to build a strong dam in their ideology resistant to capitalism and feudalism, consciously safeguarding party style and discipline. However, this is not enough. We must also pay great attention to and strengthen the construction of the system, so as to standardize the behavior of party members and leading cadres, make ideological education a success, and achieve marked success in straightening out malpractices by relying on the systems.

So, in order to straighten out malpractices, "it is imperative to solve ideological problems, and problems of the system as well" ("Selected Works of Deng Xiaoping," p 289).

Over the past few years, in order to straighten out malpractices, the CPC Central Committee and the State Council have formulated a number of rules and regulations. Now they have again formulated some regulations, in view of outstanding problems in the work style of the party and government organs, so as to enable us to do things according to the regulations and also the law. At present, we must conscientiously implement rules and regulations formulated by the central authorities. If the rules and regulations, no matter how good and correct they are, are only printed on paper and not implemented in practice, they will not be able to play any role in our actual lives. The practice of overtly implementing but covertly opposing or not fully implementing the various rules and regulations formulated by the central authorities is in itself a kind of malpractice which should be straightened out.

Once the rules and regulations are established, they possess binding force and become the discipline of the party. No party members or government employees, no matter how high their positions or posts, are allowed to violate them. A party has its discipline, a government has its discipline, and a country has its laws. The party and government disciplines are the laws and regulations within the party and the government organs. So if the party members or government employees violate the party disciplinary punishment. If they violate the law of the country, they will be dealt with according to the law. Only by strictly implementing party discipline, government discipline, and the law of the country, and strictly enforcing orders and prohibitions, can we safeguard the dignity of various rules and regulations and enable rules and regulations to be not only printed on paper but also embodied in the actions of every party member and cadre.

Is it true that there is a saying which goes: In straightening out malpractices, "everybody has his own opinions, but nobody has his own methods?" No, it is not true. The CPC has its own ways of overcoming and correcting any of its own mistakes and shortcomings. History has already proven this. Strengthening ideological education and strictly implementing the law and regulations are our method of straightening out malpractices. So long as we continue to straighten out malpractices in our own way and to correct party style, we will surely and fundamentally improve the general mood of society.

FINANCIAL INSPECTION TO BE CONDUCTED ANNUALLY

OW240558 Beijing XINHUA Domestic Service in Chinese 1203 GMT 23 Feb 86

[By reporter Chen Naijin]

[Text] Beijing, 23 Feb (XINHUA) -- Hu Qili, member of the Secretariat of the CPC Central Committee, and Tian Jiyun, vice premier of the State Council, pointed out yesterday: Conducting a general tax, financial, and price inspection is not an expedient arrangement but a significant measure to strictly enforce discipline in economic and financial affairs, further improve our party style and the standards of conduct in society, safeguard the interests of the state and people and, and ensure the progress of the reform of our economic structure. The Secretariat of the CPC Central Committee has decided that this general inspection be carried out annually for the next few years.

Leading comrades Hu Qili, Tian Jiyun, Zhang Jingfu, and Wang Bingqian received all members of the State Council's work group for the general tax, financial, and price inspection yesterday morning at Zhongnanhai. Comrades Hu Qili and Tian Jiyun made important remarks on the occasion.

The nationwide general tax, financial, and price inspection, which began in September last year, has been basically completed in most areas with the exception of a few provinces and municipalities. Tian Jiyun said: This inspection was a wide-ranging and large-scale campaign employing a great number of people. The results are remarkable. First, many cases of violation of law and discipline in the economic field have been revealed through the inspection. This contributed greatly to last year's financial results of balanced revenues and expenditures with a little surplus. Second, the inspection was conducted in conjunction with the second-stage party rectification, playing a positive role in bringing about a further turn for the better in our party style and the standards of conduct in society. Third, the general inspection has given the vast numbers of cadres and masses an education, enhancing their consciousness of policies, the legal system, and overall interests, thus assisting the work of building a spiritual civilization.

Tian Jiyun continued: The problems revealed in the general inspection warn us again that in the course of socialist modernization and economic structural reform, we should never pay attention only to material civilization and ignore spiritual civilization, nor should we merely grasp microeconomic decontrol and flexibility and ignore macroeconomic control, nor should we merely let lower levels have more authority, delegating power to them and ignoring the needs for economic supervision, for the legal system, and for strong discipline. We must earnestly carry out the instruction given by the central authorities and Comrade Deng Xiaoping in persistently using two hands to grasp work. This is, we should grasp material civilization with one hand and the legal system with the other. Only thus can we prevent and check all types of activities that violate the law and discipline and guarantee the smooth progress of our economic structural reform and our program of the four modernizations.

Tian Jiyun pointed out: It is imperative to squarely face the problem of violation of law and discipline on the economic field. We should never take them lightly but should resolve them by adopting resolute measures. In doing this, however, we should have a correct analysis and an appropriate assessment. Here two points should be made clear: First, problems revealed through the inspections, no matter how serious, are still isolated issues if we consider the overall excellent situation, and they can be resolved. Second, we should not attribute the phenomenon of violations of law and discipline to the process of reform. It is true that some of our reform measures are imperfect and not well coordinated, and that some units and individuals have taken reform as an opportunity to violate law and discipline on the basis of the interests of their small groups or the personal interests of their own. But we cannot say indiscriminately that these activities in violation of law and discipline and related unhealthy trends have resulted from reform. It is necessary to distinguish strictly between unhealthy trends and the principal aspects of reform. Reform should be carried out with perseverance, while unhealthy trends and activities in violation of law and discipline should be resolutely corrected and checked. The two should supplement and promote each other. This is the only correct attitude that we should have.

Tian Jiyun pointed out that the purpose of the general tax, financial, and price inspection is by no means to increase receipts only, and that the ultimate goal is to check violations of law and discipline and to improve work. As for how to consolidate and develop the results of the general inspection, he set forth the following specific requirements: First, the general inspection campaign on taxation, financial affairs, and prices should be continued in the next few years. Second, special attention should be paid to resolving problems caused by leading organs and leading cadres. When leading organs, leading cadres, or law-enforcement and supervisory departments are found to have violated law and discipline, they should be given lenient treatment. Third, necessary laws, regulations, and rules should be established and made perfect so that there will be something to follow.

The more we do to delegate power to lower levels and to make our measures flexible, the greater the need to strengthen control and supervision. Fourth, the vast numbers of cadres and masses should be educated continuously to enhance their consciousness of the legal system, policies, party style and discipline, the interests of the state, and the overall situation. Fifth, more efforts should be made to build up the cadre ranks of the tax, financial, and price-control departments and to raise the quality of these cadres.

In conclusion, Tian Jiyun stressed: We must see to it that the current general inspection is carried out earnestly in conjunction with the second-stage party rectification and the ongoing work of rectifying party style and the general mood in society and of correcting unhealthy trends, and that the inspection is finished successfully just as it was started successfully. All localities and departments where the general inspection has not been completed must make continued efforts to do this work well in accordance with demands set by the State Council. As for those localities and departments where the general inspection has by and large been completed, the leading groups and offices set up for the inspection should not be abolished. They have to make earnest efforts to deal with questions left over from last year's general inspection and do rounding-off work. Even in the future, these groups and offices should not be abolished but should be retained so that they will work in preparation for the next general inspection. Additionally, they may conduct some inspections on special questions from time to time. If it is found that a make-up payment should be made to the state treasury, every effort should be exerted to have the payment made promptly. Those who refuse to make the payment should be dealt with seriously.

Law breakers and discipline violators should be given serious punishment. It is imperative to grasp big and major cases firmly and investigate them resolutely so as to get to the bottom of the cases. In dealing with those units and individuals that have violated law and discipline, it is imperative not to accommodate them in such a way as "I excuse you this time, but will not let you off if you do the same thing again." We should not let them have any advantage.

OVERSEAS CHINESE POLICY TO BE FURTHER ENHANCED

OW240620 Beijing XINHUA Domestic Service in Chinese 1226 GMT 23 Feb 86

[By RENMIN RIBAO reporter Xing Fengbing and XINHUA reporter Yao Datian]

[Text] Hangzhou, 23 Feb (XINHUA) -- All historical cases and problems concerning returned Overseas Chinese and dependents of Overseas Chinese in China will be basically solved in this and next year. This is the task put forward by Liao Hui, director of the Overseas Chinese Affairs Office of the State Council, to Overseas Chinese affairs departments at various levels at the recent national meeting on implementing policies concerning Overseas Chinese affairs.

Liao Hui pointed out: The tasks of implementing the various policies concerning Overseas Chinese affairs are still very arduous. Overseas Chinese affairs departments at various levels must adopt effective measures to carry out the following tasks in a realistic manner this and next year:

It is necessary to totally redress and correct unjust, false, and erroneous cases from before and during the "Cultural Revolution;" it is necessary to speed the implementation of policies toward private houses of Overseas Chinese; it is necessary to further implement the party policies toward intellectuals who are returned Overseas Chinese or dependents of Overseas Chinese; it is necessary to pay attention to seriously handling those cases of attack on and persecution of intellectuals who are returned Overseas Chinese or dependents of Overseas Chinese.

It is necessary to promptly solve difficulties in admitting intellectuals who are returned Overseas Chinese or dependents of Overseas Chinese and have met the basic conditions for the party membership; and it is necessary to continue the proper handling of the problem of returned Overseas Chinese staff members and workers who were discharged from their work in the early 1960's.

According to data provided by the meeting, great progress has been made in recent years in implementing policies concerning Overseas Chinese affairs; it has had positive influence at home and abroad. According to statistics made in the 27 provinces, municipalities, and autonomous regions, more than 33,000 unjust, false, or erroneous cases concerning returned Overseas Chinese and dependents of Overseas Chinese from the "Cultural Revolution" have been redressed and more than 10,000 historical cases from before the "Cultural Revolution" have also been reviewed. The work of returning the private houses of Overseas Chinese occupied or confiscated during the "Cultural Revolution" has been in the main completed; progress has also been made in solving other historical problems concerning houses of Overseas Chinese. In rural areas, a total area of 6.3 million square meters of houses have been returned to Overseas Chinese for use. In cities, the ownership of a total of 2.5 million square meters of houses have been returned to Overseas Chinese and the right to use a total of 680,000 square meters of houses have also been returned to Overseas Chinese. In recent years, more than 17,700 outstanding returned Overseas Chinese and dependents of Overseas Chinese have been promoted to leading posts at and above county level. The problems of houses, children's schooling, and separation of husband and wife intellectuals who are returned Overseas Chinese or dependents of Overseas Chinese have also been solved in many places.

The meeting held that in order to fulfill the tasks in this and next year, it is imperative to further eradicate the influence of "left" ideology, especially to correct the wrongful prejudice toward "overseas relations," and develop the spirit of solving problems in a concrete manner.

The national meeting on implementing policies concerning Overseas Chinese affairs was held in Ningbo from 20 to 23 February.

CIRCULAR ISSUED ON DUAL PURPOSE PERSONNEL

OW231125 Beijing XINHUA Domestic Service in Chinese 1220 GMT 22 Feb 86

[Text] Beijing, 22 Feb (XINHUA) -- The State Council and the Central Military Commission recently issued a circular stressing that successful work in training and utilizing dual-purpose personnel is of vital importance to China's economic and national defense construction and a task which greatly benefits the party, the state, the Army, and the people.

In the circular, which approves and transmits a report on the national on-site experience-exchange meeting jointly sponsored by the Ministry of Civil Affairs and the PLA General Political Department on exploiting and employing demobilized dual-purpose personnel, the State Council and the Central Military Commission point out: The PLA and the local people's governments at various levels have done a great amount of work and achieved remarkable results over the past few years in training and utilizing dual-purpose personnel capable of performing both military and civilian services. Governments at all levels and the leadership at all levels in the Army should proceed from the overall interests, seriously study and plan this work, and make earnest efforts to strengthen leadership over it. All departments concerned should work out specific measures to support this work. The Army and the local governments should work in close coordination and integrate the training of personnel and their employment into an organic whole so that greater contributions will be made to national economic and defense construction.

In the report, the Ministry of Civil Affairs and the PLA General Political Department state: Since July 1984, when the experience of Sihong County, Jiangsu Province, in setting up employment agencies for demobilized dual-purpose servicemen was popularized by the Ministry of Civil Affairs and the PLA General Political Department, most localities in the country have attached importance to this work and soon adopted measures to develop it. According to incomplete statistics compiled by 23 provinces, autonomous regions, and municipalities, 1,110 counties and cities (districts) have established service organizations for demobilized dual-purpose personnel. They have recommended the employment of some 60,000 demobilized dual-purpose servicemen in rural areas. The training and employment of dual-purpose personnel have played a positive role in invigorating the rural economy, provided a major source of personnel for rejuvenating and strengthening the contingent of local grass-roots cadres, and promoted the improvement of PLA units, conscription work, and the building of socialist spiritual civilization.

To make the training and employment of demobilized dual-purpose personnel were widespread and have it yield better results, the report calls on localities to pay special attention to the following points:

1) Further unify our understanding of the great significance of training and utilizing dual-purpose personnel. 2) Strengthen departments at all levels in charge of placement work, further establish or strengthen service organizations, and do a good job in the employment of dual-purpose personnel. 3) Bring into full play local strong points in opening up more channels for and enlivening the work of exploiting and employing dual-purpose personnel so that the skills of demobilized dual-purpose servicemen are utilized to the fullest. 4) The Army and the localities should work in close coordination. The Army should attend to the training of dual-purpose personnel as a long-term task of military construction in the new period and do its best to bring about more and better dual-purpose personnel. Local governments at all levels should, while doing a good job in exploiting and utilizing dual-purpose personnel, take the initiative to enhance contacts with the military and adopt effective measures to actively cooperate with the military in training work. 5) Make earnest efforts to strengthen leadership and gradually expand the work of exploiting and utilizing dual-purpose personnel from selected points to the entire area. Governments at all levels should place this work on their agenda, study it regularly, and provide guidance. Localities which have not begun this work should pay close attention to trying out this work at selected points and gradually expand it to a wider areas. Localities which have already begun this work should further expand the range of utilization, increase the utilization results, constantly review experience, contribute new ideas, and see to it that the work is gradually institutionalized and standardized.

FORUM HELD ON GROWTH OF YOUNG INTELLECTUALS

OW240422 Beijing XINHUA Domestic Service in Chinese 1237 GMT 23 Feb 86

[By reporter Zhao Wei]

[Excerpts] Beijing, 23 Jan (XINHUA) -- "It is necessary to take the road of integrating theory with practice and study, temper ourselves and grow to maturity through practice." This is the conclusion reached unanimously by the participants at the forum on the growth of young intellectuals in the current era.

At yesterday's forum, sponsored by the State Education Commission and the CYL Central Committee, the representatives of lecture groups sent to various localities by central organs talked about the experience gained at the grass-roots level over nearly half a year. This views was shared by representatives of universities in Beijing and young cadres of central and state organs.

Song Defu, first secretary of the CYL Central Committee, spoke highly of the lecture groups comrades. He said: "They have honorably gone to various places and have done a good job." At the forum, many representatives of the lecture groups said that they were greatly moved and made gains during their short 5 months at the grass-roots level. Some members of the lecture groups are young people who started their government work right after graduation from school. Li Kexin, a member of the lecture group to Heilongjiang, said: We have mixed with the students in our daily work and have carried out investigations during the vacation. Through investigation, we have realized that the party's policy has taken root in the hearts of the people; we have seen the vigorous development of the excellent situation.

Yang Haibo, vice minister in charge of the State Education Commission, spoke with excitement at the forum. He said: The practice of the lecture groups has proven that the policies of the party Central Committee are correct. The older generation hopes that the young people will grow to maturity as quickly as possible. He hoped that young people and students would foster communist ideals, maintain close ties with the masses, acquire the viewpoint of serving the people, and be courageous in their practices. Song Defu, first secretary of the CYL Central Committee, hoped that the broad masses of young people would combine theory with practice, refrain from speaking in empty words, and mature through study and practice.

UNHEALTHY ADVERTISEMENTS TO BE CORRECTED

OW240408 Beijing Domestic Service in Mandarin 1200 GMT 22 Feb 86

[Text] Ren Zhonglin, director of the State Administration of Industry and Commerce, told reporters today that departments in charge of industry and commerce in various localities throughout the country are cleaning up and investigating advertising work with special emphasis on correcting the situation of worshipping or having blind faith in foreign things and practicing fraud.

Ren Zhonglin said: Advertising of a slanderous nature, violating policies and laws, and all advertising with reactionary, superstitious, lewd, or repulsive contents will be weeded out. All units handling advertisements on full time or concurrent basis and individual households engaged in designing and producing advertisements will be examined and consolidated. Operating an advertising business without approval by departments in charge of industry and commerce will be banned. It is necessary to take effective measures to correct unhealthy tendencies in advertising work.

He pointed out: At present, some news units and reporters have apportioned expenses in the name of disseminating information for various enterprises and some have collected commissions, demanded extra fees, and accepted feasts and gifts. We must correct all those practices. He asked all units handling advertising work to strictly observe state laws and advertising regulations, establish a sound advertising system, and make advertising and propaganda faithful, scientific, and reliable.

VICE MINISTER STRESSES QUALITY CONTROL

OW240036 Beijing XINHUA Domestic Service in Chinese 1532 GMT 22 Feb 86

[By RENMIN RIBAO reporter Dong Huanhao and XINHUA reporter Huang Fengchu]

[Excerpts] Nanjing, 22 Feb (XINHUA) -- Promoting comprehensive quality control is an important and urgent strategic task in our economic work during the Seventh 5-Year Plan period.

This is what Sheng Shuren, vice minister of the State Economic Commission, pointed out today at the fifth annual meeting of the Chinese quality control commission.

During the Sixth 5-Year Plan period, some industrial enterprises in China strengthened overall quality control and remarkably improved the quality of their products. Nearly 2,800 products were rated by the state as good quality products. However, most industrial enterprises were weak in quality control, and poor quality remained a conspicuous problem in their products. In order to comprehensively strengthen quality control, Sheng Shuren emphasized the following:

-- In order to arouse enthusiasm among workers and staff members for improving product quality, all trades and enterprises should carry out reform to link the wages and bonuses of workers and staff members to product quality.

-- Enterprises should set clear and definite quality objectives according to advanced international standards, and design, manufacture, and inspect their products according to quality objectives.

-- It is necessary to improve basic quality control, grass-roots organizations of enterprises and their work, and the basic training of workers and staff members.

-- It is necessary to improve macroeconomic control over the quality of products by gradually enacting laws governing quality control responsibilities, improving the quality appraisal system, actively promoting quality testing work, and firmly doing a good job in encouraging consumers' supervision, consulting, and diagnosis. From now on, the plant director should be held responsible for quality problems. The fifth annual meeting of the Chinese quality control commission was held in Wuxi City, Jiangsu Province, from 18 February to 22 February.

HU YAOBANG WRITES INSCRIPTION FOR MONUMENT

SK230312 Jinan Shandong Provincial Service in Mandarin 2300 GMT 22 Feb 86

[Text] The (Huxi) monument to revolutionary martyrs in Shanxian County was rebuilt recently. Hu Yaobang, general secretary of the CPC Central Committee, personally wrote an inscription for the monument. The monument was established in 1945 in memory of (Huxi) District's martyrs who died in the war of resistance against Japan. Over the past 40 years or so the monument has played a positive role in educating the broad masses of people to carry out the behest of the martyrs and to carry forward revolutionary traditions.

CHEN YUN CALLS FOR ATTENTION TO RETIREES

OW212332 Shanghai JIEFANG RIBAO in Chinese 16 Feb 86 p 1

[Text] According to a TIYU BAO report, Comrade Chen Yun recently said: There are 80 million old retired cadres and workers in China. How to provide for them, give them a happy retired life with proper recreation, and make them into something useful has become a matter meriting society's attention. He said: Being advanced in age, old people should pay attention to taking good care of themselves physically and mentally. They should live a regular life and take part in activities beneficial to both physical and mental health. He wrote an inscription, "Serve the Old People," to call on all of society to show concern for old comrades.

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OW200334 Shanghai JIEFANG RIBAO in Chinese 13 Feb 86 p 1

[Article by Rui Xingwen: "Shanghai's Rural Economy Being Integrated With the Urban Economy in the Course of Reform"]

[Text] What is the actual situation and what is the trend of development of reform in Shanghai's rural areas? This is a question people in both the urban and rural areas are concerned about. From the investigation and research Comrade Jiang Zemin and I have separately conducted during our recent tour of 10 suburban counties, and from the written materials we have read, we get the strong feeling that: The economic situation in Shanghai's rural areas is good, and so is the situation in reform. The rural economy of Shanghai's suburban areas is being integrated with the urban economy in the course of reform.

Three Foundations for the Integration of the Rural and Urban Economies

There are mainly three foundations for the ongoing integration of Shanghai's rural and urban economies:

First, geographically, the trend toward merger and mutual infiltration between urban and rural areas has become more and more distinct. Some 65 percent of the village and township industries in the suburban areas are subsidiaries of Shanghai's large industrial companies. Fifteen percent of them serve foreign trade and export. Many factories are in fact branches or workshops of the large factories of Shanghai. The village and township industries have become inseparable components of Shanghai's industry as a whole. Currently, the factories in the city have set up nearly 500 operations in the suburban areas, employing about 500,000 workers and turning out products worth roughly 12 billion yuan a year. There are also many scientific research institutes, universities, and colleges in the suburban areas. With the expansion and transformation of the city and the planned dispersion of the population, the geographical links between urban and rural areas will certainly become even more distinct.

Second, the interdependent relations between urban and rural areas will become closer and closer as far as markets are concerned. The mutual support between industry and agriculture on the one hand, and between urban and rural areas on the other, finds expression chiefly through the exchange of commodities. At present, much of the farm and sideline produce supplied to Shanghai comes from the suburban areas. Peasants in the suburban areas produce, on less than 5 million mu of cultivated area, about 50 percent of the grain consumed every year by the 12 million people of the city and about one-third of the cotton needed by the city's cotton mills. The peasants produce more than enough edible oil to supply the entire population of the city. They also provide 60 to 70 percent of the hogs, poultry, eggs, and other nonstaple foodstuffs sold every year in the city. Vegetables, fresh milk, and most of the freshwater fish are also supplied by the suburban areas. According to a rough estimate, the total value of commodities exchanged in Shanghai's urban and rural areas was more than 5 billion yuan in 1985, of which farm and sideline produce supplied by the suburban areas to the city was worth about 2 billion yuan, while manufactured goods supplied by the city to the suburban areas were worth about 3 billion yuan. Following the reform of the system of unified and assigned purchases of farm and sideline produce, the relations between production in the suburban areas and Shanghai's markets have become closer and closer. At the same time, it has become more and more necessary for the relations between the urban and rural areas to be linked up by economic contracts.

Third, as far as economic ratios are concerned, the city will become increasingly dependent on the suburban areas if it wants to increase production, increase financial revenues, earn foreign exchange, and achieve quadruplication. The total value of industrial and agricultural output of the suburban areas was 15.7 billion yuan in 1985, or 17.8 percent of the city's total. During the Sixth 5-Year Plan period, the city achieved a net increase of 26.2 billion yuan in output value, of which the suburban areas were responsible for 8.7 billion yuan, or 33 percent. In 1985, financial revenues of the 10 suburban counties were 2 billion yuan, accounting for 11 percent of the city's total local revenues. This was a remarkable increase over 1980, when they were only 5 percent. In 1985, goods worth 1.6 billion yuan were purchased in the suburban areas for export, accounting for 16 percent of all the export goods purchased by the city. The suburban areas were responsible for half of the net increase of export goods procured by the city during the Sixth 5-Year Plan period. According to a preliminary estimate, the total annual industrial and agricultural output value of the suburban areas will reach 25 billion yuan by 1990, a net increase of 10 billion yuan over 1985 and accounting for about 20 percent of the city's total industrial and agricultural output value. By that time, the financial revenues turned over to the state by the suburban areas and the total amount of export goods procured there will both reach about 3 billion yuan.

All this fully shows that the suburban economy has become an important part of Shanghai's current productive force and an important force for the achievement of quadruplication in Shanghai. In other words, Shanghai's rural economy has been integrated into an organic whole with the urban economy, and the suburban areas have become indispensable for achieving Shanghai's economic prosperity.

Integration of Shanghai's Urban and Rural Economies Is Natural Outcome of Intensified Rural Reform

Then, how has Shanghai's rural economy been integrated with its urban economy? We may say that the peculiar position of Shanghai's countryside determined that such integration was possible, and that the stepped-up rural reform provided a condition for possibility to become reality. Shanghai countryside is very close to the nation's biggest economic center. The Shanghai's countryside's economic development relies on and, in turn, serves Shanghai City. This special feature of the Shanghai countryside clearly distinguishes it from the vast countryside of the whole nation. This means that the Shanghai suburban economy should be closely linked and integrated with the economy of Shanghai City, and that production of all industries in Shanghai's countryside should be more specialized, commodity-oriented, and modern. Such is the requirement which reality imposes on Shanghai's rural economy. The success of the first-step reform and the sound development of the second-step reform in the suburban countryside made it possible for this requirement to be gradually fulfilled. Integration of Shanghai's urban and rural economy is the natural outcome of intensified rural reform.

People can clearly see that first-step reform, with the contract responsibility system linked with output as the main content enforced in Shanghai's countryside, has been markedly fruitful. Following the guidance of the party Central Committee's Document No 1 of 1983 that "family operations based on household contracts are merely one of the cooperative economy levels," and proceeding from the reality of the economically developed areas, all Shanghai's rural counties respected the peasants' wishes and boldly let the masses select the most suitable form of operation for themselves. There was a commonality in all responsibility systems in Shanghai's suburbs; they all did away with slapdash production and an equal share in distribution, and aroused the peasants' enthusiasm for production, thereby once more emancipating productive forces in the countryside.

As rural labor productivity, productivity of cultivated land, and the commodity rate of farm and sideline products were constantly on the rise, a labor force of some 600,000 in Shanghai's suburbs has been separated from farming work in line with the contract system linked with output. This has paved the way for a readjustment in the structure of agricultural production.

Since last spring, second-step reform, with that of the monopoly purchase of farm and sideline products and readjustment of the structure of agricultural production as the main content, has been soundly developing in Shanghai's countryside. **Realistic and steady**, our reform of the monopoly purchase system has further invigorated the suburban economy. Readjustment of the structure of agricultural production in our suburbs was comparatively fast, thereby prompting the transfer of the countryside labor force. However, this was different from what would have happened in capitalist countries. In those countries, once emancipated from farming, the labor force would have all swarmed into the cities. Such a form of labor force transfer was obviously not suitable for our country's conditions. The population in this big city of Shanghai is already huge. If the European and American way had been followed, we would have faced such serious social problems as an "overloaded city" and a "population explosion." The surplus rural labor force could not swarm into the city and yet it had to find some way out; this logically led to readjustment of the structure of agricultural production, a new problem the second-step rural reform was to solve. Now, we have solved this problem more or less satisfactorily. That is to say that the surplus rural labor force has been assimilated locally. The labor force structure in Shanghai's countryside in 1985 was that 40.6 percent were working with industrial enterprises and 15.6 percent with diversified economic projects, commerce, construction, transport, and service trades. Thus, workers with secondary and tertiary industry accounted for 56.2 percent of the total rural labor force and only 43.8 percent were farming. Of the 1985 total rural economic output value, farm and sideline output value accounted for 20.1 percent, that of town and township enterprises, 79.9 percent, or 8.8 billion yuan. In the past, we would designate a country as industrialized if its total industrial output value was over 51 percent [of its total industrial and agricultural output value]. If the same yardstick could be used now, Shanghai's countryside might be designated as "industrialized countryside."

It is gratifying to see that during the past few years new groups have been formed in the use of manpower, intellectual resources, funds, and means of production in growing crops and breeding animals and fowl; and that large and joint households are beginning to have more land, draft animals, and fowl after the surplus manpower enters secondary and tertiary industries. This is a prototype of Chinese-type family farms, reflecting the emphasis on scale, science, and efficiency in agricultural development in suburban Shanghai. It shows the prospects for promoting specialization, turning out more commodities, and modernizing agriculture in Shanghai.

Right now, more than 4,400 specialized households have emerged in Shanghai's rural areas. All of those specialized households are fairly large in scale. Each household specialized in growing crops contracts for an average 27 mu of arable land. Of these, an average household specialized in growing grain contracts for 30.5 mu, 6.3 times the 4.2 mu of arable land contracts by an ordinary farming household. A specialized household's average investment in production is 9.3 times higher than that of an ordinary farming household. The fixed assets of an average specialized household are 20.1 times higher than those of an ordinary farming household. This type of system will definitely yield fairly good results. First, it will yield high economic results. The average per capita total income in a specialized household is 2.6 times of that of an ordinary farming household.

The per capita pure income in a specialized household is 52 percent higher than an ordinary farming household. It is also higher than an average worker's income in the suburban area. Next, this system will yield high social results. The tax paid by an average specialized household and average person in the household to the state is 6.1 and 6 times higher respectively than those of an ordinary farming household. The collective profits turned over to the state by an average specialized household and an average person in the household are 5.3 times and 5.1 times higher than those of an ordinary farming household. The grain crops produced by a farmer in a farming household each year are enough to feed 3 to 4 persons a year, while the grain crops produced by a farmer in some of the households specialized in growing grain crops are enough to feed 30 to 40 persons a year.

Farming on a large scale will inevitably bring about a scientific approach, hog raising, for example. Originally, hogs were fed three times a day. Right now, hogs in households specialized in hog raising are given a compound feed using mechanized devices, so hog raising is more scientific than before. Growing crops and breeding animals on a large scale will inevitably bring specialization to the entire countryside. At the same time, specialization in production on a large scale is also an important prerequisite in commercializing the farm and sideline products. The emergence of "villages of specialized households" of all kinds in Shanghai's rural areas is a major event of great significance. This tendency toward development is encouraging. From now on, a new kind of integration will take place in the countryside on the basis of specialized households, in the form of cooperative economy. For example, on the surface the villages of specialized households are operated by individual families and households, but they have integrated with each other through the farm and sideline products companies. Therefore, cooperative economy in the future will no longer be like cooperation in the past, in which properties were merged and collective labor was organized. Many new and realistic forms of cooperation will definitely emerge.

In summary, we realize that the new situation in carrying out rural reforms, and the new changes in the setup of production have made Shanghai's rural economy march toward the path of integrating rural economy with urban economy. This is an inevitable development trend. It demands that people use new knowledge and new concepts to analyze and study issues in the countryside. It should be realized that Shanghai's rural economy is no longer the traditional natural economy, but commodity economy on a considerable scale. It is no longer a simple form of economy that involves the agricultural sector, but a form of diversified economy in the rural region. It is different from the ordinary rural economy in the interior of the country, but a type of "suburban economy" that integrates urban economy with rural economy. It is no longer a "closed" economy, but an open one that "introduces investments from abroad and establishes lateral ties at home." Therefore, those comrades doing rural work as well as those doing urban work must understand this new trend under the new situation in the suburban areas, and firmly establish the concept of integrating urban economy with rural economy. If we fail to rejuvenate this concept in time, our ideas will fail to keep pace with the situation; our work will be unrealistic; and it will be impossible for us to correctly handle the relations between workers and peasants and between urban areas and rural areas under the new situation.

Continue To Stand Firm on "Two Footholds" and Devote Great Efforts to the Two Weak Links of Grain and Forage Crops

The strategic priority of developing Shanghai rural economy based on the concept of integrating urban and rural economies requires the supply of a wide variety and adequate amount of high-quality fresh and live nonstaple food products.

For this reason, on behalf of the municipal CPC Committee, I proposed last July at the municipal agricultural science and technology award meeting that agriculture in the suburban areas should "stand firm on two footholds." That is, peasants in the suburban areas should be self-sufficient in food grains; supply of nonstaple foodstuffs to the city should be based mainly on the suburban areas. After standing firm on the two footholds, they can then open up and develop in other areas. The proposal was made because only when the problem of food grains is solved can the peasants conscientiously engage in the production of nonstaple foodstuffs. Moreover, the production of fresh and live nonstaple foodstuffs, primarily stock farming and fish raising, consumes large amounts of forage crops. Judging from the current situation and development of Shanghai's rural economy, grain and forage crop are indeed weak links. We must give adequate attention to the situation.

Shanghai is one of the major grain consumers of the nation. Its population of 12 million requires about 10 billion jin of food and industrial grain every year. In the past the state has always allocated half of that amount, with the other half supplied by suburban areas. Although grain production in the suburban areas has been affected by the requisition of some farmlands every year as a result of Shanghai's urban development, the countries along the river and the coast like Chongming, Nanhui, Fengxian, and Jinshan still have potential for reclaiming farmland from marshes. All in all, the requirement for the suburban areas to be self-sufficient in food grain is unshakable and entirely possible.

We should understand that self-sufficiency in food grain for suburban peasants itself is a changing concept, because the population in the suburban areas is continuously increasing. It is estimated that by 1990 the rural population will increase to nearly 5 million from the current 4.44 million. At the same time, population in the city proper will also increase. The total population of the entire city is forecast to increase to 13 million from the current 12 million by 2000. Calculated on the basis of the current consumption level, the grain consumption, including grains used for the production of pork, poultry, and eggs, will be about 800 and 900 jin. This does not even include the needs of the floating population. Therefore, the demand for the grain ration in the city proper and forage crops in the suburban areas will also increase correspondingly.

In view of the two weak links, grain and forage crops, in the economic development of the suburban areas which we can ill afford to ignore, we must pay attention to solving the following problems: First, readjust the agricultural structure. In the short run we must closely focus on and submit to the general requirements of "standing firm on the two footholds." In readjusting agricultural structure, suburban areas must uphold the guideline of "stabilizing grain, readjusting cotton, ensuring vegetables, and developing forage crops and economic crops demanded by the market." This guiding ideology is correct. We should see to it that grain production increases while we ensure stability and that the acreage for forage crops is increased in a planned manner. Second, we should adopt a policy to encourage peasants to produce more grain and forage crops. Not long ago, the central rural work conference adopted relevant regulations. Shanghai should also work out some appropriate policies. For example, by self-sufficiency in grain, we mean that the 10 suburban countries should make up the other's deficiency. There should also be appropriate policy for allocating grain so as to mobilize the enthusiasm of Songjiang, Jinshan, and Qingpu Counties for grain production. Moreover, corn is currently procured for 0.12 yuan a jin in Shanghai while corn procured at negotiated prices outside the city is 0.23 yuan a jin. Is it possible for the procurement prices in Shanghai to be appropriately raised so as to mobilize the peasants' enthusiasm for growing forage crops? Third, the soil of state farms along the river and the coast is very salty. Preferential policy may be adopted to encourage them to grow forage grass. Nearly 300,000 mu of cultivated areas on suburban state farms have great potential for increasing forage crops and growing forage grass. We should further study this question to see, on the basis of respecting science, which policy or technical measures we may adopt to tap the potential of the soil.

In Developing a Comprehensive Rural Economy, We Must Not Slacken Development of Village and Town Enterprises and Must Unswervingly Implement the Policy of "Subsidizing Agriculture With Industry"

Earlier, the theoretical circle and those doing practical work in China had launched a heated debate on the issue of "prosperity is impossible without industry." Regarding this controversial issue on the direction of development for the rural economy, a correct conclusion has been reached at the recent central rural work conference. After summarizing the view of those present, Premier Zhao decided: "Such views as 'prosperity is impossible without industry,' 'a stable economy is impossible without agriculture,' and 'a vigorous economy is impossible without commerce' are correct." We need to reach a better common understanding on this issue.

Village and town industry in suburban Shanghai is a natural outcome of the integration of the urban and rural economies, and promises high hopes of success. It is also an essential precondition for implementing the policy of "subsidizing agriculture with industry." So we must not weaken, but further develop this industry. In reviewing the history of the development of village and town industry in suburban Shanghai, it is abundantly clear that it relies upon, develops alongside, and serves the large industries in Shanghai Municipality. In the future, large industries in the municipality will still require the service of village and town industry for their further expansion, as well as sharing processing and other ancillary functions. Mutual interdependence between the urban and rural areas has opened up broad prospects for the development of suburban village and town industry. Proceeding from the viewpoint of promoting an integrated and coordinated development of the urban and rural economies, it is not hard to perceive the need to take seriously, and further enhance, village and town industry.

We must also note that energetic development of suburban village and town industry is an important means to accumulate funds, increase input into agriculture, and invigorate the rural economy. As we all know, agricultural production is also a process of input and output. In the state of a small-scale peasant economy, farm production chiefly relies on the input of human and animal labor, because of its small production scale and its backward production mode. However, following transformation of China's traditional into a modern agriculture and from a natural into a commodity economy, it is increasingly necessary to use mechanical labor. For instance, more investments are necessary for waterworks, transportation, warehouses, energy, chemical fertilizers, farm machinery, science, and technology. Aside from fund accumulations from agriculture, more economic assistance is needed. In view of the numerous tasks undertaken, it is currently impossible for the state to make massive financial input into each sector. Under such circumstances, vigorous development of village and town industry has become an important means to accumulate funds, increase input into agriculture, and invigorate the rural economy. Prior to large-scale development of village and town industry in suburban Shanghai, the annual public accumulation of the commune, the production brigade, and the production team was only 80 million yuan, mainly derived from agriculture. In 1984, however, public accumulation rose to 710 million yuan, among which 660 million yuan was derived from village and town industry. Addressing the central rural work conference, Comrade Zhao Ziyang said: "The peasants would not be able to make so much material input and achieve such high output solely by relying on crop cultivation." He also added: Industrial development "can increase income, support agriculture and grain production, and raise input and output, thereby developing the rural economy." In the past, we have taken the road of developing village and town industry for accumulating funds and input for agriculture. We must, hence, firmly follow this course in future.

Some comrades are afraid that "while industry is developed, agricultural production will decline." As a matter of fact this worry is unnecessary. The recent central rural work conference has put forward the policy of "subsidizing agriculture with industry." "Subsidizing agriculture with industry" indicates very clearly the relationship between developing village and town industry and making a success of agriculture. The conclusion that Comrade Tian Jiyun has arrived at after his inspection of the rural areas of Xiaoshan, Zhejiang, is: "Village and town industry should not be allowed to decline. If it declined, agriculture would also decline." As can be seen, the question is not that agriculture would decline with the development of industry, but rather that failure to develop village and town industry would cause a decline in agriculture. Let us look into the actual situation in the suburbs of Shanghai. From 1981 to 1985, village and town industry in these suburbs paid wages totalling more than 5 billion yuan to commune members engaged in industrial production, accounting for over 50 percent of the suburban peasants' total income. The amount of funds used by village and town industry to support agricultural production, and the industrial profit given to farm laborers to "share", totaled 765 million yuan. This was 16 percent of the total profit earned by village and town industry and some 100 million yuan more than the total amount spent by state, municipal, and county financial departments in support of agriculture. During the Sixth 5-Year Plan, agriculture in the suburbs grew at an average rate of 16 percent annually. One of the major reasons for this was that we "subsidized agriculture with industry." To carry on the sustained, steady, and coordinated development of agriculture in the suburbs, we must continue to implement the policy of "subsidizing agriculture with industry."

In accordance with the guidelines of the instructions in the proposal for the Seventh 5-Year Plan that "in the light of the actual needs and their own potential, economically developed rural areas may direct their processing industries to large industry and exports," we should continue to do our best to expand large urban industries, based on the needs of urban-rural economic integration. At the same time, village and town industry in the suburban areas should, in the course of continued development, overcome past shortcomings and pay attention to effecting several changes, namely:

1) Regarding the funds for developing village and town industry, the practice should be changed from relying excessively on bank loans to relying mainly on enterprises' own accumulated funds; 2) the practice in developing production should be changed from attaching importance to "extension" [wai yan 1120 1693] to relying mainly on "intensive" means; and 3) in operations and management, enterprises should lead to tap their internal potential and strive for greater economic results, instead of looking to the higher authorities for power and money.

Further Facilitate the Circulation of Commodities and Promote the Intensive Development of the Second Step of Rural Reform

The circulation of commodities plays the role of a bridge in building the urban-rural economy and achieving economic integration of urban and rural areas. It serves as a link in developing rural production and meeting market demands. Rural areas in suburban Shanghai are now changing the previous practice of selling whatever they produce to market-oriented production. This is a significant indication of the closer economic link and interdependence between our urban and rural areas. In the circulation of commodities, however, there are still certain obstacles unfavorable to the development of the urban-rural economy. This problem has become more striking in the second stage of rural reform. It must be systematically resolved, through the joint efforts of urban and rural areas, by reforming the commercial system.

Then, what should we do to unclog the channels between urban and rural areas in order to further facilitate the circulation of commodities?

In the first place, there should be a relatively stable contract system for purchasing agricultural and sideline products. Now, our rural economy is a commodity economy. The demands in urban areas, the change in market conditions, and the market mechanism guided by the state plan have begun to direct the peasants' commodity production. This direction or guidance is effected through the signing of purchase contracts between the state-operated commercial departments and the peasants. As reflected by the peasants, the current purchase contract system has two main drawbacks: First, contracts are not signed on the basis of the characteristics of production. Since they are very rigid and are signed for the purpose of buying "a fixed quantity at a fixed time and a fixed price," they are often hard to fulfill. Second, when there are more supplies, contract terms are often not complied with; when the supplies are scarce, purchases are made forcibly. In the future, contracts for purchase of agricultural and sideline products should be signed for a period of several years and kept relatively stable so that the peasants can arrange their production work in a planned way. Once a purchase contract has been signed, neither party should change it at will; that is, the serious nature of the contract should be maintained. To sum up, it is imperative to link the demands of the urban market with nonstaple food production centers and other agricultural production units in suburban areas through the implementation of an effective contract system.

In addition, it is necessary to adopt the method of integrating urban and rural areas and combining indigenous and foreign resources to strengthen measures for the storage and regulation of non-staple foods, thereby relieving the incongruity between the periodical and seasonal cycles of production and the balance of supply. For agricultural and sideline products purchased under contract, especially for fresh or live products, it is necessary to strive to succeed in setting up direct meetings between production and marketing units, organize smooth circulation, and reduce transferring links. For rural cooperative economic organizations, it is necessary to positively open up circulation channels and carry out multi-level business activities and multi-channel circulation. In these aspects, the many counties on the outskirts each have some good models. This explains that, in enlivening circulation, the outlying areas have much to accomplish. In order to do a still better job in developing the urban and rural economy, it appears that it will be imperative to formulate a policy conducive to unifying the urban and rural areas where further enlivening of circulations is concerned.

Strengthening the Construction of Towns on the Outskirts, Preventing Pollution of the Rural Environment

As far as Shanghai's outskirts are concerned, strengthening the construction of counties and small towns below the county level is an important facet to promote the unification of the urban and rural economy. This is because the densely scattered small towns are rural economic, cultural, and political centers on the outskirts. They are the middle levels which connect the large Shanghai city with rural areas on its outskirts, the bases for major industries to expand themselves to the areas on the outskirts, and the hubs for unifying the urban and rural areas. Therefore, this issue deserves our closest attention.

Shanghai has the largest number of towns in the country. According to statistics, there are a total of 530 large and small towns, including 26 county-controlled towns, 183 townships and farm counties, and 321 village towns. The output value of these counties accounted for approximately two-thirds of the outskirts' total industrial and agricultural output value. In the past few years, the towns on the outskirts of Shanghai have actually developed to a certain extent, and relatively rapid development has especially been made by some economically-developed townships. We should make the best of the situation, sum up our experiences, map out plans, and grasp well the construction of towns on the outskirts.

In my opinion, the strategic target for the development of Shanghai's towns, as proposed by the special-topic town research group of the Shanghai Academy of Social Sciences, is reasonable. This strategic target is to build the towns on the outskirts into new zones, integrating urban and rural areas, and at the same time turn them into microminiaturized cities and improved rural areas. They will be Shanghai's new civilized and affluent socialist outskirts with industrialized rural areas, urbanized society, and an afforested, park-like environment. In the meantime, a mult-component city will be formed in an area of over 6,000 square kilometers with the central city as the main body and towns on the outskirts operating independently and keeping contracts with each other. They should possess solid economic contents, rational economic structure, healthy social conditions, and fine ecological systems. Proceeding from this general target, the first thing is to strengthen the economic construction of these towns, the second is to develop the social facilities of these towns, and the third is to protect the ecological environment of these towns. To this end, the municipal people's government has demanded that all counties complete the formulation of village and town construction plans in 1986 and that such work must be firmly carried out. To undertake the construction of towns as a whole, it is necessary to carry out scientific planning and build official business zones, industrial zones, afforested land, cultural centers, and other different zones in accordance with the geographical environments. Construction on the land and underground should be carried out at the same time, and efforts should be made in architecture to combine practical use with beautiful appearance. It is imperative to stress science in formulating construction plans, and efforts should also be made to embody local styles and characteristics.

In the construction of village towns, it is imperative to strictly control unscrupulous occupation of arable land and conscientiously prevent pollution, especially pollution of water resources. No enterprises should be built without pollution treatment facilities. A water pollution treatment facility is mandatory in town construction. Currently, some treatment methods are available which require small investments but produce good results. It is imperative to do a good job in protecting water resources from pollution since it is a major issue that bears on the physical health of the municipality's 12 million people.

All Trades and Professions in the Municipality Should Go All Out To Support Suburban Economic and Cultural Work.

Comrades doing rural work in the suburbs should have the concept of urban-rural economic integration. The same concept should also be upheld by those engaged in urban work. Particularly today, under the new circumstances where urban and rural reforms have merged with each other, the relationship between urban and rural areas is closer than ever, and it is more important for the former to support the latter. When drawing up their policies and plans and considering steps to be taken in their work, all departments in urban areas should uphold the concept of urban and rural economic integration in the interest of the whole. Shanghai has a good tradition of urban areas supporting rural areas. This tradition must be brought into full play.

First, we must continue to successfully support rural areas with science and technology. The central authorities have pointed out in a document: "Science and technology must serve the rural economy, while the development of the rural economy must rely on science and technology. This should be regarded as a principle and given prominence." Since the 3d Plenary Session of the 11th CPC Central Committee, scientific research units and institutions of higher learning in Shanghai have made headway in "supporting rural areas with science and technology." Our rural cadres have said: "Science and technology personnel are 'gods of wealth' most welcome by the peasants, and they are meritorious people in enlivening the suburban economy."

This comment represents our high evaluation of intelligence used by our science and technology personnel in supporting rural areas. In the new year Shanghai should strive to reach a new level in the work of supporting rural areas with science and technology. More efforts should be devoted to the research and popularization of agricultural science and technology. Emphasis should be placed on developing new crop strains and animal breeds, new technologies, new machines and tools, and new materials so as to continually improve agricultural and sideline production quantitatively and qualitatively. Village and town enterprises should be beefed up using science and technology. Earnest efforts should be made to implement the "spark plan" formulated by the municipal science and technology commission and to provide village and town enterprises with complete technological know-how, managerial procedures, product designs, and methods for quality control so as to improve the competitive edge of village and town enterprises in Shanghai's rural areas.

Second, we should successfully promote cultural, education, and public health work in support of rural areas. The past few years have seen contributions by the cultural, education, and public health fronts of our municipality in support of agriculture. The education front has trained a lot of middle- and high-level technical and managerial personnel for rural areas. Statistics show that some 2,700 backbone technicians have been trained for village and town enterprises in the suburbs by the Shanghai University of Science and Technology, and East China College of Chemical Engineering, and 16 other institutions of higher learning through their properly oriented training programs. Last year some 600 tuition-paying college students, trained by institutions of higher learning at the request of rural areas, graduated and returned to rural areas. In the meantime, a great deal of work in support of rural areas has been done by the medical, public health, and schistosomiasis-prevention fronts. It is hoped that our comrades on the cultural, education, and public fronts will continue to exert themselves and do a still better job in supporting rural areas.

As ours is the largest industrial city in the country, we should also make earnest efforts to support rural areas with industry. Industrial departments should continue their assistance in the development of village and town industry and support the feed industry that is now urgently needed and should be vigorously developed in rural areas. The municipal CPC Committee and people's government have now decided that investment in nonstaple-food production should be focused on the feed industry. Urban industrial departments are requested to make more contributions to the development of this industry. Additionally, it is imperative to resolve to develop the farm machinery industry and successfully solve the "longstanding, big, and difficult problems" in suburban areas of production and supply of farm machines and their parts. Failure to develop the farm machinery industry as quickly as required will adversely affect further changes in the use of farm laborers, readjustment of the rural production structure, and improvement of agricultural labor productivity. Comrades on the urban industrial front should take the peasants' urgent needs as their own urgent needs and make further efforts to develop the farm machinery industry.

It Is Necessary To Give Power to Counties and Boost Counties' Overall Leadership Over Rural Economy

For rural areas, in order to realize the integration of urban-rural economy, the key lies in boosting the counties' overall leadership over the rural economy. Comrade Wan Li said: "Practice in recent years has proven that a county is a combination of urban and rural areas and also a combination of microeconomic and macroeconomic activities. It can play a comprehensive role and is a very important key." His remarks provide practical and significant guidance for us, especially Shanghai's suburban counties. He also said: "We must delegate greater power to the county level in decision making."

If the country lacks power in making decisions, the overall leadership over the economy will be only empty words, so giving full play to local advantages in the spirit of seeking truth from facts will also be empty words. Since we now want to strengthen the work of scientific research, education, transportation, communications, building small towns and that of other fields, the county level should be able to coordinate and solve micro-economic problems in a prompt manner according to the actual situation. This is very important because the county level is the leading organ closest to peasants' production and daily activities. However, some unreasonable regulations in our current system often fetter counties' creative power and their ability to solve problems independently. His sincere words and earnest wishes merit our deep attention.

The importance of further delegating power to counties in the course of reform has been mentioned by Comrade Wan Li. Now, in Shanghai, our problem is how to implement this guidance.

According to our understanding, various counties generally want to expand their power in five respects, namely the power of land administration, the power to review and approve new enterprises, the power of revenue-sharing, the power to review and approve the reduction of taxes for village and town enterprises, and power to make decisions in foreign trade to a certain extent. Concerning the five powers, I think the crucial one is the financial problem. The country's financial system was implemented in the last year on trial basis. The method is "fixing a basic figure and sharing surplus revenue." The counties support this method. Shall we continue last year's method in 1986? I think we should continue this method. Moreover, we should give appropriate assistance to some counties with relatively weak economic foundations. On this question, a central leading comrade has pointed out: "The 800 million peasants are not only the most active productive force and the source of our wealth, but also a vast market which provides us with an extremely important condition for developing commodity production in urban and rural areas. We must attach importance to developing production and establish a new system of integrating the urban and rural economy in order to give full play to their initiatives. It is wrong to consider them a burden in consumption or as objects for extracting contributions. In this way we will fall into a passive position." We must consider this basic point of view in solving our financial problem.

In addition to financial power, we should delegate all powers to the counties as quickly as possible according to the clearly defined regulations in central documents. For instance, concerning the problem of too many taxes being paid by village and town enterprises in Shanghai's suburban counties, the Shanghai Municipal CPC Committee and the Shanghai Municipal People's Government have agreed to adopt the following two measures: One is to stabilize the basic tax burdens of village and town enterprises and the other is to implement the central regulations on tax reduction for village and town enterprises and delegate power to the counties in this regard within certain limits.

Of course, the leading comrades of various counties should properly use their power after the expansion of their decision-making power. They should truly use this greater power for developing production and increasing tax sources. We should establish special funds to support agricultural production and modernization. At the same time, we should give proper guidance to various townships for establishing a sound financial system, pay attention to studying methods of making, saving, and spending money in an appropriate way, accelerate the development of agriculture, side occupation and industrial production in Shanghai's suburban areas, and promote the stable development of Shanghai's rural economy on the road of integrating the urban and rural areas.

YANG XIZONG COMMENTS ON HENAN PLA, MILITIA WORK

HK220343 Zhengzhou Henan Provincial Service in Mandarin 2300 GMT 21 Feb 86

[Text] According to HENAN RIBAO, on 19 February leading comrades of the provincial CPC Committee Yang Xizong, Liu Zhengwei, He Zhukang, and Zhao Di went to the provincial military district to listen to reports on work and look into the transfer of People's Armed Forces departments and the resettlement of demobilized cadres.

Henan Military District Commander Zhan Jingwu and political Commissar Dong Guoqing delivered reports on behalf of the Standing Committee of the military district CPC Committee on the situation in PLA and militia work in the military district last year and on the main tasks for this year. They focused on reporting on doing a good job of transferring the People's Armed Forces departments and resettling demobilized cadres.

Comrade Yang Xizong said: The transfer of People's Armed Forces to local authorities is a glorious task assigned us by the CPC Central Committee and the Central Military Commission. It is a major affair both for the Army and the local authorities. We must make a success of this work. Local CPC committees and government at all levels must enthusiastically support the effort to make a success of this work, take the initiative to grasp ideological and political work in the course of the transfer, make proper arrangements for resettling surplus and demobilized cadres, and help them solve practical difficulties. In accordance with the central regulations, local departments may not take or occupy, under any pretext, People's Armed Forces department barracks or facilities, or militia training grounds.

The militia should play a leading role in three aspects: 1) in doing a good job in militia and reserve service building; 2) in promoting the building of socialist spiritual civilization in the rural areas; 3) in vigorously developing commodity production and leading the peasants forward to get rich together.

Comrade Yang Xizong stressed in conclusion: The local authorities should vigorously support the PLA in carrying out streamlining and reorganizing, and take the initiative in solving difficulties for the PLA units. We also hope that the PLA comrades will actively take part in building the two civilizations in the localities, further promote PLA and militia work, and work together to create a new situation in work in the province.

HU YAOBANG CONGRATULATES HENAN CITY ON SUCCESS

HK210956 Zhengzhou Henan Provincial Service in Mandarin 2300 GMT 19 Feb 86

[Text] Comrade Hu Yaobang recently instructed the Secretariat of the General Office of the CPC Central Committee to write a letter to Pingdingshan City congratulating the city on doubling the total industrial and agricultural output value, profits, taxes, and revenue 5 years ahead of schedule, and expressing the hope that the city will make further contributions during the Seventh 5-Year Plan period.

Pingdingshan City is a new industrial city developed after the founding of the PRC. The total industrial and agricultural output value of the city in 1980 was only 1.35 billion yuan. During the Sixth 5-Year Plan period, in accordance with its local conditions, Pingdingshan City set the target of doubling its industrial and agricultural output value by 1985.

Comrade Hu Yaobang has been very concerned about the construction and development of the city. While inspecting the city in 1984, he gave an important instruction on economic development in the city. In March 1985, Comrade Hu Yaobang wrote a letter encouraging the people of the city to resolutely carry out reform and strive to attain the target of doubling its industrial and agricultural output value at an early date.

Comrade Hu Yaobang's instruction greatly inspired and encouraged the people of Pingdingshan City. They seriously summed up their experiences and proposed the slogan of paying no lip service and doing practical things. They earnestly implemented the ideological line of seeking truth from facts put forth by the CPC Central Committee, and formulated the policy of developing the city's economy in a comprehensive way with stress on energy exploitation. First, they exerted efforts to fulfill priority projects and technological transformation items on or ahead of schedule. Second, they firmly grasped the development of local industry and collective enterprises. Third, they developed lateral economic ties; carried out multi-tier economic and technological cooperation; and actively brought in technology, talented people, funds, and equipment. Fourth, they adhered to the principle of urban areas bringing along rural areas and rural areas supplementing urban areas, in order to encourage urban and rural areas to develop and prosper jointly. They also vigorously strengthened ideological and political work and the building of spiritual civilization, resulting in a marked improvement in public order, general social mood, party style, and the style of cadres.

With the strenuous efforts made by the people of the whole city, the city's industrial and agricultural output value in 1985 was 2.75 billion yuan, its profits and taxes delivered amounted to more than 400 million yuan, and its revenue exceeded 200 million yuan, thus fulfilling the doubling target 5 years ahead of schedule. On 22 January this year, (Duan Songhui), secretary of the Pingdingshan City CPC Committee, wrote a letter to Comrade Hu Yaobang reporting this good news.

After reading the letter, Comrade Hu Yaobang instructed the Secretariat of the General Office of the CPC Central Committee to write a reply congratulating the people of Pingdingshan City and wishing them success in their future work.

The reply from the General Office of the CPC Central Committee has had a strong impact on the people of Pingdingshan City. They say they have been motivated by the spirit of comrade Hu Yaobang's instruction and will properly carry out all work for 1986 with further efforts, begin fulfilling the Seventh 5-Year Plan, and fight to fulfill the quadruplication target by 1993.

HENAN RADIO ON SUBSIDIZING AGRICULTURE

HK210557 Zhengzhou Henan Provincial Service in Mandarin 1030 GMT 17 Feb 86

[Station commentator's article: "Really Do Well in Subsidizing Agriculture With Industrial Income"]

[Text] In the practice of subsidizing agriculture with industrial income, we allocate part of the increased profits of local industries, as well as town and township enterprises, to subsidizing the development of the farming, breeding, and vegetable-growing industries in suburban areas. By doing this, we appropriately readjust the economic interests of industrial workers and peasants. Therefore, this is an important and long-term rural policy.

Under the new circumstances, in which the rural commodity economy is vigorously developing and the secondary and tertiary industries are rapidly developing, the tasks of making agriculture stand firm and promoting the peasants' initiative in tilling the land in order to help the farming and breeding industries develop steadily have become the urgent issues yet to be solved by the rural areas in the second stage of reform. But what is the method for solving these issues?

It is impossible for us to increase the profits of agriculture to the level of those of industry and sideline production just by raising the prices of agricultural products. It is also unrealistic for us to increase the profits of agriculture just by making factories suffer heavy losses and by reducing the prices of the means of production for agriculture.

The correct choice can only be the one in which we can strengthen the vitality of agriculture and strive by all means to improve productivity, while at the same time adopting a policy of subsidizing agriculture with industrial income and readjusting the relations between agriculture and rural industries, as well as other trades. We should find a new way for agriculture and industry to promote each other's development and develop in a coordinated way.

Recently, when visiting the province, Premier Zhao Ziyang stressed that, judging from the developmental trend, China must solve the issue of making the rural areas' agriculture and industry promote each other's development.

Over the years, some 5 million of the rural laborforce have turned to branches of industry other than agriculture, engaging in industry, sideline production, and tertiary industry. Thereby, they have earned considerable profits. In 1985 alone, the output value of the province's town and township enterprises totaled more than 15.1 billion yuan. This has shown that the practice of subsidizing agriculture with industrial income has not only brought benefits to agriculture but also to town and township enterprises. In the long run, we should focus on the development of production and use the subsidies mainly for improving agricultural production conditions; for popularizing new agricultural technology; for developing services before, during, and after the production process; and for developing intellectual resources.

To subsidize agriculture with industrial income and to promote the rich helping agriculture are the right ways for the rural areas to put agriculture, industry, and sideline production into their proper positions, as well as to develop them in a coordinated way. All localities must act in accordance with their local conditions, and formulate in a down-to-earth manner the specific measures for subsidizing agriculture with industrial income, so as to promote a continuous and steady development of agriculture.

HUBEI RADIO CALLS FOR PROPER GROWTH RATE

HK210928 Wuhan Hubei Provincial Service in Mandarin 1100 GMT 19 Feb 86

[Station commentary: "Industrial Production Must Increase in a Proper Way"]

[Excerpts] Although the province's industrial production increased in January, the growth rate was unsatisfactory and the target was not attained. This merits the serious attention of economic departments at all levels. Maintaining a proper growth rate while raising economic efficiency is of great importance to continuous and coordinated economic development, to a good beginning of the Seventh 5-Year Plan, to the attainment of the province's quadruplication target ahead of schedule, and to a steady increase in the province's revenue. The relatively low growth rate of the province's industrial production in January was due to objective factors such as insufficient electricity supply and funds and a shortage of some materials, and to subjective reasons such as our failure to properly handle the relationship between growth rate and economic efficiency.

It must be pointed out that we must continue to avoid the trend of placing undue stress on a high growth rate. However, this does not mean that we should not do our utmost to attain the target, which can be attained through our strenuous efforts. In this respect, all factory managers and enterprise heads must link growth rate with economic efficiency with a view to making more contributions for the people. They must adopt an attitude of seeking truth from facts and refrain from doing everything indiscriminately. Those localities and enterprises which can guarantee the supply of raw materials and energy and whose products are fine and marketable should seek a high growth rate, whereas those enterprises whose products are inferior and unmarketable should avoid seeking a high growth rate.

NINGXIA SECRETARY ON IMPROVING PARTY CONDUCT

HK222140 Yinchuan NINGXIA RIBAO in Chinese 3 Feb 86 p 1

[Report: "CPC Committee of the Autonomous Region Holds Cadre Meeting on Straightening Out Party Style"]

[Excerpts] The Ningxia Autonomous Regional CPC Committee held a meeting of cadres from organizations directly under the region at the Hongqi Theatre in Yinchuan on the afternoon of 30 January. The meeting called on all party members and cadres of the regional party and government offices to set an example for the region in rectifying the work styles of the party and to strive for a fundamental improvement of the party's work style within the year. At the meeting, Li Xuezhi, secretary of the regional CPC Committee, delivered a speech entitled "The Regional Party and Government Organizations Should Learn From the Central Organizations and Set an Example for the Region in Improving Party Conduct." Comrade Li Xuezhi said: On 6 and 9 January, the party Central Committee Secretariat held meetings of cadres from the central party and government organizations, in which Hu Yaobang and other central leading comrades made important speeches. At a recent meeting of the Standing Committee of the party Central Committee Political Bureau, Comrade Deng Xiaoping spoke too on the question of rectifying party work style. He put forward principles, demands, and measures for improvement of party conduct and called on all party members and cadres of the central organizations to set an example for the nation in this respect. The important policy decision and arrangements made by the party Central Committee are very wise and correct and have come at the right time, conforming to the common aspirations of the party, the people, and the Army. This will certainly give a powerful impetus to achieving a fundamental improvement of party conduct, strengthening the building up of the party ideologically and organizationally, achieving a better work style in offices, and gradually developing our economic restructuring in depth. Meanwhile, they are of far-reaching significance and have a positive effect on the successful fulfillment of the Seventh 5-Year Plan and building of socialism with Chinese characteristics. Our regional party and government organizations should learn from the central organizations and set an example for the region in the improvement of party conduct.

Comrade Li Xuezhi also said: In terms of their status and role, the regional party and government organizations are the key to rectifying office work style and achieving a fundamental improvement of the party's work style and the social conduct at large. The regional party and government organizations should play an important part in rectifying the party's work style. Since the 3d Plenary Session of the 11th CPC Central Committee, the region's party organizations at various levels have done a great deal of work in building up the party ideologically and organizationally. Through party rectification, the party's work style in our region has greatly improved. Party work style in the regional party and government offices is good in the main. However, we must understand that all the unhealthy practices pointed out by the central leading comrades at the cadre meetings of the central organizations also find expression to a certain degree in our region. The appearance of such a situation is mainly because we have failed to pay adequate attention to the building of a culturally and ideologically advanced socialist civilization, and to political and ideological work in the past few years. Some malpractices were initiated in the regional party and government organizations, but we failed to identify some of these malpractices in time, or we discovered some of them but we failed to take effective measures to check them. The regional CPC Committee should seriously examine the matter and correct the mistakes. On behalf of the regional CPC Committee, Comrade Li Xuezhi solemnly declared: All party members, cadres, the masses and friends outside the party ardently hope that serious cases of malfeasance and violations of law and discipline involving members of party organizations at all levels, and even leading cadres at the regional level, will be exposed and criticized, and they are also encouraged to play a supervisory role in the matter.

Comrade Li Xuezhi stressed: Responding to the call of the party Central Committee, our region must go into action immediately and resolutely carry out the principle of

"firmness and endurance" in rectifying unhealthy tendencies as required by the party Central Committee. We must not utter empty words but must perform more actual deeds and make earnest efforts to deal with current malpractices. From now on, the regional leading organs, leaders, and cadres must first take the lead in rectifying the party's work style, and then the drive will be carried on from above to below and at all levels. We must achieve marked results in the first half of the year and strive to effect a basic turn for the better in the party work style of the regional party and government offices. To this end, we must stress the following four aspects at present:

1. Conscientiously Study Relevant Documents, Strengthen Ideological Education and Enhance Political Consciousness in Improving Party Conduct

All the regional party and government organizations should organize their party members and cadres to particularly study important speeches by the central leading comrades at meetings attended by cadres from the central party and government offices to study important speeches and instructions by Deng Xiaoping and other leading comrades; to study the various regulations of the party Central Committee, the State Council, and the Central Discipline Inspection Commission on checking unhealthy practices; to review the party Constitution and "criteria of party members;" to deeply grasp the importance and urgency of improving party conduct; to make sure of the principles, policies, and methods of improving party conduct, and to have a clear understanding of the importance of setting an example by the regional party and government organization and their responsibilities in improving party conduct.

2. Examine Party Work Style in an Extensive and Profound Way

In the past few years, the party Central Committee and the State Council have issued a number of rules and regulations. In improving party conduct and checking unhealthy practices, we must carry out these rules and regulations in earnest. At present, we must measure ourselves and correct mistakes exactly in accordance with the six points prescribed in Document No 57 issued by the General Office of the party Central Committee and of the State Council last year.

3. Conscientiously Handle Major and Important Cases and Seriously Deal With Those Who Violate the Law and Discipline and Engage in Unhealthy Activities

In improving party conduct and rectifying unhealthy tendencies, we must dare to tackle tough problems, smash "favoritism through connections" and go into action immediately. Those who ought to be criticized should be criticized, those who ought to be punished should be punished, and those who ought to be dealt with according to law should be dealt with accordingly. In no case should we be softhearted toward them, because to tolerate evil is to abet it. In particular, we should not tolerate the reckless criminal activities of corruption, robbery, speculation, swindling and bribery which are harmful to the interests of the state and the people. Once they are discovered, we must vigorously pursue and fiercely maul them and deal with them according to law. We must get to the bottom of all cases regardless of the rank of the cadres involved.

4. Formulate and Improve Various Rules and Regulations

The meeting was presided over by Comrade Hao Yanzao. During the meeting, he also made known "Some Regulations on Improving Office Work Style" formulated by the regional CPC Committee and people's government.

The meeting was attended by more than 1,000 persons, including leading comrades of the regional party and government organizations, responsible comrades of the departments directly under the region, and of prefectures, cities and counties, and all delegates to the fourth party congress of the departments directly under the region.

BAI JINIAN SPEAKS TO SHAANXI CADRES MEETING

HK210939 Xian Shaanxi Provincial Service in Mandarin 2300 GMT 19 Feb 86

[Excerpts] A report meeting of the provincial organ cadres going to the countryside was held in Xian from 17 to 19 February. At the meeting, the cadres going to the countryside reported their work and exchanged their experiences. Bai Jinian, secretary of the provincial CPC Committee, and Mou Lingsheng, deputy secretary of the provincial CPC Committee, spoke. In his speech, Comrade Bai Jinian said: The cadres going to the countryside have scored initial achievements in a short period of time. Three aspects, at least, must be affirmed:

1. They have done many good things for rural areas. For example, they have done a lot of investigation and study, helped rural areas train grass-roots cadres, readjusted the production structure, strengthened social order, helped some township and town enterprises revive, and so on.
2. The cadres going to the countryside have experienced practical tempering. The vague idea of going to the countryside this time, which the great majority of cadres had, was clarified. They came to further understand the strategic significance of this work.
3. Cadres' going to the countryside provides a good lead in straightening out organs' work style and plays a very good role in pushing work forward. Comrade Bai Jinian emphatically said: In rural work this year, it is necessary to vigorously develop the fruits of reform, to develop the rural commodity economy, and to change the poor and backward outlook. This must be regarded as the focal point of rural work. He demanded: In grasping rural work, it is essential to do well in grasping ideological and political work and to persist in simultaneously grasping the two civilizations. At the same time, it is imperative to do well in grasping party rectification in the rural areas and to further improve the quality of the rural cadres. He hoped that they all would score still better achievements in going to the countryside to stay at the grass roots this year.

Mou Lingsheng, deputy secretary of the provincial CPC Committee, also spoke at the meeting: After summing up the previous situation in going to the countryside, he said: Going to the countryside to stay at the grass roots now is completely different from before. In the new situation, there is new guiding ideology, new tasks, and new methods. Only by understanding and grasping these new characteristics can we creatively accomplish the tasks handed over to us by the provincial CPC Committee. Mou Lingsheng put forward this year's tasks to the cadres going to the countryside:

1. They must help the county and township CPC committees do well in training grass-roots cadres, in straightening out the rural grass-roots organizations, and in party rectification in the rural areas.
2. They must continue to help all places do well in readjusting the rural production structure. In accordance with local resources, labor force, technology, and capital, they must take such measures as are suited to local conditions to determine the backbone industry and develop production.
3. They must impart scientific and technological knowledge to rural areas and use science and technology to reform agriculture and to arm the township and town enterprises.
4. They must continue to help the poor and strive to ensure that 20 to 30 percent of the poor households can solve their problems of clothing and food this year. After 3 to 5 years' hard work, we must cause all poor households to basically extricate themselves from a difficult position.
5. It is necessary to do well in investigation and study.

DEFENSE SPOKESMAN VIEWS PLA PILOT DEFECTION

OW220253 Taipei CNA in English 0236 GMT 22 Feb 86

[Text] Taipei, Feb. 21 (CNA) -- A Ministry of Defense spokesman said Friday in a news conference the ministry is closely watching developments surrounding the flight of a Communist Chinese MIG-19 jet fighter to South Korea, saying the incident has again pointed to the doom of the communist regime. Chang Hui-yuan said the Defense Ministry as ordered the military attache in Seoul to contact Korean Government for details of the freedom seeking flight.

The flight, second in seven months' time by a Chinese Communist pilot, Chang said, echoes firmly what he had said in a news conference also held after a similar flight last August, that given opportunity, every communist pilot on the mainland would seek freedom. Hsiao Tien-jun piloted a Soviet developed Ilyushin-28 bomber, crash landing in South Korea last Aug. 24, and later won asylum in the Republic of China. Chang stressed that the people on the mainland, either civilians or the military, have long harbored hatred against the besieged communist regime. Though the communists claimed to have been engaged in an alleged economic reform and "open door" policy, Chang said, the time-bomb has been ticking and will explode at any time.

Pilot Said Welcome

OW221051 Taipei CNA in English 1030 GMT 22 Feb 86

[Text] Taipei, Feb. 22 (CNA) -- Military Spokesman Chang Hui-yuan said Saturday that the Defense Ministry welcomed the statement by its South Korean counterpart that the Communist Chinese jet pilot who flew into Seoul Friday afternoon wanted to seek freedom "in a third country." According to foreign wire service reports, South Korea's Defense Ministry declared this morning that the defecting Communist Chinese pilot Chen Pao-chung wants "to go to a third country."

Maj. Gen. Chang said that his ministry welcomes the freedom-seeking MIG pilot to come to the Republic of China. Chang noted that the Defense Ministry is watching closely development of the incident. The ministry also has instructed the military attache at the Chinese Embassy in Seoul to give all necessary assistance and support to the freedom-seeking pilot.

TOKYO PRESS REPORTS DEFECTOR TO GO TO TAIWAN

OW221415 Taipei CNA in English 1402 GMT 22 Feb 86

[Text] Tokyo, Feb. 22 (CNA) -- All major Tokyo newspapers Saturday reported in evening editions Lt. Col. Chen Pao-chung will be allowed to go to the Republic of China as soon as the South Korean Government completes its investigation of his defection. TV networks and radio broadcasting stations also made similar reports in their afternoon newscasts. They all used dispatches filed by their own correspondents in Seoul, quoting the Korean Ministry of Defense as announcing in a statement the release of the defector to "a third country" on completion of the necessary investigation. The "third country" in the official statement, all media here said, meant the Republic of China as the past cases of defection indicated.

KOREAN CONSULATE COMMENTS ON DEFECTOR'S STATUS

HK230604 Hong Kong HONG KONG STANDARD in English 23 Feb 86 p 1

[Text] The South Korean Consulate-General in Hong Kong may not have a role to play this time in the defection of a Chinese Air Force pilot who defected to South Korea in a MiG-19 fighter. In past incidents of similar nature the consulate here played a major role in the negotiations. Consul Kyung H. Kim told THE STANDARD yesterday that since the case was very clear that the pilot obviously did not want to go back to China, the Korean Government would respect his wishes. News reports yesterday indicated that the pilot is likely to be granted political asylum. China has called on Seoul to return the plane and the pilot, while Taiwan has indicated he is welcome.

Mr Kim said that it would be no problem to return the aircraft to China as requested. "There have been precedents. This has not yet been the decision of our government. But it may be an inference on the basis of the past practices." He said the case was too simple to involve the consulate-general. But he did not say if the Chinese and the Korean governments would deal directly or through Hong Kong. South Korea has diplomatic ties with the island but not China. During the past two events the Chinese negotiations with the Korean Government took place in Hong Kong.

DENG XIAOPING MEETS FELLOW TOWNSMEN IN CHENGDU

HK230254 Hong Kong WEN WEI PO in Chinese 23 Feb 86 p 1

[Dispatch from special correspondent Yang Yung-nian in Chengdu: "Deng Xiaoping Meets Fellow Townsman in Chengdu"]

[Text] Chinese leader Deng Xiaoping met in Chengdu with representatives from Guangan County who came to see him. Deng was very happy when he was informed of the arrival of his fellow townsmen. He said humorously: Today I have met our local officials at last. Deng Xiaoping shook hands with them and asked their names. He praised them repeatedly, saying: You are educated young people with bright prospects. Then he exhorted them in earnest: You should do a good job in building Guangan. According to a report carried in CHONGGINSO RIBAO on 21 February, Luo Guoxing, secretary of the Guangan County CPC Committee, Vice Magistrate Wang Hongjun, and responsible comrades of Nanchong Prefecture went to Chengdu's Jinniu Guesthouse on the fifth day of the Lunar New Year to see Deng Xiaoping and Wang Zhen.

After the meeting, Zhuo Lin warmly received Luo Guoxing, Wang Hongjun, and other comrades. When Zhuo Lin learned that the two local officials were only 33 years old and had a university education, she said gladly: Young people are in the prime of life to build their careers. Comrade Deng Xiaoping has always said that we should entrust young people with important tasks and give them a free hand in their work. Comrade Xiaoping was only 20 or so when he assumed the office of political commissar of the Seventh Red Army. When the fellow townsmen were talking about Deng Xiaoping's former residence, Zhuo Lin passed on Deng Xiaoping's idea to them: Deng Xiaoping said that we communists live to serve the people. Our funds should be used to develop the people's undertakings. Zhuo Lin expressed satisfaction over the plans of the country CPC Committee on planting trees around Deng Xiaoping's former residence.

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